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RRs - Rates - Postalized fares

A GENERAL FREIGHT AND PASSENGER POST

A PRACTICAL SOLUTION OF THE RAILROAD PROBLEM

BY

JAMES LEWIS COWLES

Member of the Connecticut Bar. Author of "Distance Not a Factor in Railway Traffic," The Engineering Magazine, Sept., '93; "Equality of Opportunity," The Arena, Dec., '95, etc.

FOURTH EDITION, REVISED AND ENLARGED

G. P. PUTNAM'S SONS
NEW YORK & LONDON
The Knickerbocker Press
1905

The Knickerbocker Press, New York

Cornwall
7-25-41

I DEDICATE THIS VOLUME TO THE MEMORY OF

MY SAINTED WIFE

"LIGHT, STRENGTH, SWEETNESS"

PREFACE TO FOURTH EDITION.

SINCE the last edition of this book the evils in our system of making railway rates which it seeks to remedy have rapidly increased.

On the 12th of January, 1903, the Hon. Charles A. Prouty, of the Interstate Commerce Commission, wrote to me:

"I have been attempting for several years to emphasize your idea that the present system of making railway rates is TAXATION WITHOUT REPRESENTATION IN ITS MOST DANGEROUS FORM."

On the 8th of December, 1900, the editor of the *Railway Review* of Chicago characterized this system of taxation in this language:

"Of all the unscientific things in the world, railroad rate-making takes precedence. The whole scheme, so far as yet developed, is the veriest jumble of guess-work, opinions, prejudices, and self-interests that could be imagined, and it is constantly changing."

The amount of this taxation for the year ending June 30, 1904, was over $1,966,000,000, and the determination of this tremendous burden is being rapidly concentrated in fewer and fewer hands.

Practically our entire transport system—land,

lake, sea, and river—is now under the control of a half dozen corporations whose COMMUNITY OF INTEREST makes them, in effect if not in form, the United Transport Company of North America.

"It requires but a slight stretch of the imagination," says the editor of the *Railway Review*, "to discern in the not distant future a system of transportation controlled by a single organization that shall encircle the globe. To that end events are now working."—*Railway Review*, June 29, 1901.

As an illustration of this movement note the purchase of trolley lines in New England by the New York, New Haven and Hartford Railroad, and the building of ocean steamships by the Great Northern Railroad.

This extension and consolidation of transport services is accompanied by the substitution of steel cars for wooden cars, by ever-increasing car-loads and train-loads, by the elimination of curves and of grades, by the removal of grade crossings—largely at the public expense—and recently by the substitution of the electric motor and the gasoline car for the steam locomotive. These economies in the cost of the service, however, are, as a rule, followed by a corresponding increase in transport taxes.

The railways of the United States celebrated the opening of the twentieth century by changes in classification that increased railway charges in many cases over forty per cent.

This book was written for the purpose of presenting to Congress and to the public a simple

and practical solution of the railway-rate problem. If there was reason for its publication in 1898, there is a tenfold stronger reason for its republication now that Railway - Rate Regulation has become the vital issue of the hour.

In December, 1901, the editor of the *Railway Review* paid this tribute to our proposition to solve the railway-rate problem by the application of the postal principle to the determination of general transport charges: "Some years ago, in commenting upon the postal principle as applied to railway traffic, we observed that the idea could not be received with any degree of favor so long as individual ownership obtains in our railway system, but admitted that 'GIVEN GOVERNMENT OWNERSHIP,' SUCH A RESULT WOULD BE A NATURAL SEQUENCE. We see no reason for changing our attitude in regard to this matter. Under Government ownership railway charges may be viewed very much as is the postal service, and the charges equalized so as to confer the greatest good on the greatest number."

The question now at issue, however, is not a question as to the ownership of the media of transportation. It is simply a question as to who shall regulate transport taxes and transport contracts, and on what principle the tax and the contract shall be determined.

From the foundation of our National Government, Congress has always stood between the citizen and the transport manager, as to the transport of letters and newspapers, saying to the one, "We

will determine your transport tax," and to the other, "We will determine your transport contract."

In 1863, the first Congress which represented an entirely free nation adopted the cost-of-the-service,— rates, regardless of distance,— as the future standard for the determination of postal taxes, and thus guaranteed forever equality of postal privileges to all places as well as to all persons in the Republic.

The Congress of 1863 also introduced the postal transport of a few specific articles of merchandise in eight-ounce parcels. In 1874 the service was extended to general merchandise in parcels up to four pounds at the rate of one cent for each two ounces, one half the present rate. This year, (1874), also saw the birth of the International Postal Union, under which letters are carried one mile or twenty-five thousand miles at a common rate—five cents per half ounce.

In 1885 Congress provided that publishers' merchandise—newspapers and magazines—should be transported, post-office to post-office, throughout the country on the payment of a uniform tax of ONE-CENT-A-POUND, this in parcels unlimited by law either as to bulk or weight and limited in practice only by the conventional mail-sack, 150 to 200 hundred pounds. And where the free-delivery service is established, save, curiously enough, in the cities of publication, this rate secures the distribution of this merchandise at the doors of regular customers. To-day this uniform cent-a-pound

postal rate carries the merchandise of American publishers throughout all North America, to the Sandwich and Philippine Islands, and to Shanghai, China. The United States Post-Office also takes merchandise of a similar character issued by Canadian publishers at the Canadian frontier and delivers it anywhere within our borders, the tax paid by the Canadian being but one-half-a-cent-a-pound.

Under this uniform system of transport taxation there is no discrimination as between individuals or between places. The smallest newsboy receives the same treatment at the hands of the post-office as does the largest news company. The publishers of Augusta, Maine, are as well off as to the cost of sending their merchandise to their customers as are their competitors in New York, Chicago, or San Francisco.

But the application of this principle of the greatest good to the greatest number to the transport of publishers' merchandise extends its benefits far beyond the field of the post-office. As a result of it American express companies carry this merchandise in parcels of ten pounds or over, door to door, anywhere on their lines within the two great zones into which the continent is divided by the Ohio-Pennsylvania State line, at one cent a pound, ten cents on a ten-pound parcel from the door of the publisher in Cleveland to the door of the customer in Chicago, St. Louis, Denver, or San Francisco.

Over 1,700,000,000 pieces of publishers' merchandise and over 77,000,000 pieces of general

merchandise of an aggregate weight of over 260,000 tons were transported by the United States Post-Office in the year 1900, and this without the Government ownership of a single mile of railway or of a single transport vehicle.

Are not these facts most suggestive? Congress stands to-day between the citizen and the transport manager, determining the tax on thousands of tons of merchandise and the contract for the use of thousands of transport vehicles.

Is it not the business of Congress to determine at once all the transport taxes to be paid by the citizens whom they represent and all the contracts made for the use of transport equipment?

Is not this the logical, the practical method of solving the railway-rate problem?

TRANSPORT CONTRACTS—RAILWAY MAIL PAY

As long ago as 1863 Congress applied the cost-of-the-service standard to the determination of postal taxes. Vice-President Clough, of the Great Northern Railroad, suggests the application of the same standard to the determination of transport contracts. "Abandon the 'Weight' standard and adopt the 'Space' standard in determining Railway Mail Pay," says Mr. Clough. "What costs the (railroad) company in the performance of the mail service is not the weight of mail hauled, but the car-space afforded. The expense of running a passenger train, or a car in a passenger train, is almost the same whether it be full or empty"; and

again, "What costs the company is car-space flying through the air, and this space costs the company nearly the same regardless of how it is occupied."

To sum up. It is admitted that the Government has the right to control the rates paid for the transportation of mail—for the reason dealt with fully in the body of this book, that is to say, all railroads are *ipso facto* post-roads. Is it not, therefore, logical to ask that as the Government stands between the people and the transport companies in the matter of the rate paid for the transportation of one class of merchandise, it should in like manner stand between the public and the transportation companies as to rates not only on all classes of merchandise, but for passengers also?

With contracts made by Congress for the use of transport equipment, so much per mile per transport vehicle whether full or empty, and with rates determined by Congress, so much per trip per passenger, so much per haul per parcel, limited in bulk or weight only by the capacity of a freight car, so much for all commodities furnished the same car-service, discriminations in transport rates will disappear; rates will tend to decrease as the cost of the service diminishes; the public and the railways will be dealt with on the basis of the FAIR DEAL, and we shall have taken a long step toward the final solution of the transport problem which this book aims to secure.

JAMES L. COWLES.

May 3, 1905.

PREFACE TO FIRST EDITION.

THE conclusions presented in this monograph, which treats of the circulation of persons and of property through the arteries and veins of the body politic, rest upon the following fundamental principles.

First. Railways are post-roads and are, therefore, subject, both as to state and interstate commerce, to the eighth section of the first article of the Constitution of the United States.

Second. Railway trains are post-wagons and the Post-office can only fulfil the object of its being when these post-wagons are entirely subject to its jurisdiction.

Third. The transportation of persons and property is as legitimate a function of the Post-office as is the transportation of letters.

(The first Act passed by the English Parliament for the establishment of a Postal Department, in the American Colonies, the Ninth of Queen Anne, Chapter Ten, made it the duty of American postmasters to provide horses and guides for travellers, and each traveller was allowed to carry merchandise up to eighty pounds in weight on the guide's horse free. For a hundred and fifty years the Post-

office Packet Service of England was the only regular vehicle for over-sea travel, and this service was only turned over to private hands in 1830.)

Fourth. Railway rates should be determined by the cost and not by the value of the service rendered. Any rate that will pay the cost of the shortest haul of a person or of a piece of property, within a railway system, will pay the cost of the average haul, and is therefore the cost of service rate.

Fifth. The whole business of public transportation should be pooled under the control of the Post-office, and the rate charged for the shortest distance for any particular service (the cost of service rate) should be adopted as the uniform standard rate for that class of service for all distances, within the limits of the Postal system.

This is simply the "Penny Post" scheme of Sir Rowland Hill, extended to cover the general business of transportation, and it presents, I believe, a practical solution of the transportation problem. Mr. Hill published his "Penny Post" pamphlet in the spring of 1837. In January, 1840, his scheme was English law and was in course of application.

What took three years in the era 1837–1840, ought to be accomplished now in as many months. It is surely within the limits of possibility that when the twentieth century opens, the scheme set forth in this book may be American law and may be in full operation within the limits of the United States.

"Of all inventions, the alphabet and printing-press excepted, those which abridge distance have done most for the civilization of our species. Every improvement in the means of locomotion benefits mankind morally and intellectually as well as materially, and not only facilitates the interchange of the various productions of nature and of art, but tends to remove national and provincial antipathies and to bind together all members of the human family." [1]

"To the consumer, the ideally perfect condition of things would be a tariff for the conveyance of merchandise based on the same principle as the 'Penny Post.' Commodities would be conveyed at a low price, and producers, over an immense area, would be able to send them to market. To the consumer it would be in every way desirable that all disadvantages of distance or 'geographical disadvantages' should disappear." [2]

"As a question of purely public policy—that is to say if the interests of the (railway) corporation were, in all respects, identical with the interests of the community as a whole—the effect of distance on operating expenses would be the only one which there would be need to consider, and its effect on revenue (the making of rates) should not be considered at all. For, since the real service rendered

[1] Macaulay.

[2] J. Grierson, General Manager, Great Western Railway of England.

and paid for is the transportation of persons and property from one terminus to another, the precise length of track should have no more effect upon the price paid than the precise amount of curvature or rise and fall, and much less than the ruling grades. All should be considered or none should be." [1]

The railways serving New York City have had a uniform rate on milk for the last forty years. In 1887, when this grouped rate covered a zone of 220 miles, certain Orange County farmers complained to the Interstate Commerce Commission that this system deprived them of their natural geographical advantages and demanded an adjustment of rates according to distance. The Commission, however, decided in favor of the existing custom, saying: "It has served the people well. It tends to promote consumption and to stimulate production. It is not apparent how any other system could be devised that would present results equally useful or more just." "It (the Commission) is moreover impressed with the belief that the present system is, upon the whole, the best system that could be devised for the general good of all engaged in the traffic."

Eight years later this zone of uniform milk rate covered distances up to 330 miles, and Commissioner George R. Blanchard, of the Joint-Traffic Association, testified, before the Interstate Com-

[1] Arthur M. Wellington, *Economic Theory of Railway Location.*

merce Commission, in December, 1895, that there was no reason why it should not be extended to a thousand miles.

But Messrs. Rogers, Locke, & Milburn, Counsel of the Delaware, Lackawanna, and Western Railroad, go even further than Mr. Blanchard, for they say:

"The distance (within which this rate should be uniform) need only be limited by the length of time required to make it with the train and meet the wants of the New York market, with milk not affected by its transportation."

In other words, if milk can be brought from San Francisco to New York in good condition, then the milk rate should be the same for all distances between San Francisco and New York, and for this reason, "*because of the fact that the expense incident to the mere length of haul is so small in comparison with the other necessary charges when taken in connection with the special service.*"

"The cost of train operation is not appreciably more whether there be 200 cans in a car, or 160 cans in a car, or ten cans in a car. The same crew, the same messengers and organization, and the same terminal service would have to be maintained whether the can be carried from Binghamton or not, or from Sussex County or not, *and the cost of the delivery of the can at the Hoboken terminal is in no real sense dependent upon the length of its haul.*"

See Defendants' Brief, page eleven, in the case,

"The Milk Producers' Association *versus* the D. L. and W. R. R. and others."

"When rates are based upon the value of services rendered, we necessarily have discrimination," and yet, "It is the universal custom among railroads, the world over, to base their charges upon the value of the service rendered and not upon the cost—although the latter would seem to be the safer plan, if they could only put it in force."[1]

The cost of the service is the only safe basis for the determination of transportation taxes, and the cost of service rate, levied, collected, and distributed by officers of the General Government, would necessarily put an end to discriminations, and would furnish an ample revenue for the support of our entire transportation system.

The freight cars owned and leased by the railroads of the United States (private cars are left out of the calculation), making but two paying hauls a week, at $7.00 a car, per haul, would earn over $877,000,000 a year, as against less than $700,000,000 received from the entire freight traffic in 1894, and less than $830,000,000 earned in 1893. An average car-load of fourteen tons, at fifty cents a ton, would bring in a revenue of $7.00 a car per haul, and a twelve-ton load, at sixty cents a ton, would yield $7.20 a car trip.[2]

The same freight locomotives that now haul

[1] E. Porter Alexander, *Railway Practice.*

[2] Number of freight cars in use in 1894, 1,205,169. *I. C. C. Report*, 1895.

average train loads of 175 tons could haul 700 tons, and the same passenger locomotives that run hither and thither with average loads of 44 passengers, could haul from 500 to 700 passengers, and the difference in the cost of the business would hardly be appreciable.

Our great passenger locomotives are able to haul ten-car trains on a time schedule of forty miles an hour. Such a train would furnish seats for 640 persons. The average trip of the American railway traveller is less than twenty-seven miles, but if the average trip on a transcontinental ten-car express were 200 miles, the train would empty itself sixteen times in a journey from New York to San Francisco, and would thus afford seats for 10,000 persons, each taking an average trip of 200 miles. Even if the train were but half filled, its earnings at one dollar a trip would be over $5000, over $1.50 a train-mile, or more than the earnings of the average train of the New York, New Haven, and Hartford Railroad in 1894.[1]

Is it not altogether reasonable to estimate that—with the transportation business pooled under the control of the Post-office—with a demurrage limit of eight hours, the demurrage limit of Holland and Belgium,—and with trains sent from the starting-point to destination over the shortest and most level routes—a uniform prepaid rate of $1.00 a ton on box-car freight and forty cents a ton on products carried in open cars, would furnish an ample revenue from freight

[1] Distance from New York to San Francisco, about 3300 miles.

traffic? And is it not also reasonable to believe that $1.00 would pay the full cost of the service for the average trip, by ordinary cars on the fastest express, and that five cents a trip would meet the cost, by way trains?

The possibilities of the railroad are beyond imagination. The continuance of the present system, under which private railway managers determine the movements of persons and property according to the value of the service rendered, will certainly secure to these officials the entire control both of the business of the country and of the Government and will result in an absolute despotism.

On the other hand, the pooling of the business, under the control of the Post-office, will just as surely lead to the ever-increasing freedom and the ever-increasing prosperity of the whole people.

The widening of the zone of a uniform milk rate, noted on page viii, continued until it covered distances up to 417 miles, and on the West Shore Road extended from the New Jersey Terminal nearly to Buffalo. This movement, in the line of the equalization of commercial opportunities, was suddenly checked, however, by the Interstate Commerce Commission, who, on the 13th of March, 1897, reversed their decision in the Howell Milk Case of September 24, 1888, on the ground, not that distance made any difference in the cost of the service rendered by the railroads in the transportation of a can or case of milk, but that the system of a

uniform rate deprived the near-by producer of his NATURAL RIGHT (?) to the monopoly of the home market; deprived him of the power, which he possessed before the invention of the railroad, to regulate the amount of milk and the cost of milk consumed by his neighbors.

Under the leadership of Judge Cooley, the Commission looked upon the Royal-Railed Highway as a matter of public convenience, of public security, and of public prosperity; it had some regard for the consumer and the far-away producer as well as for the near-by producer; its chief concern, in short, was the Common Welfare, and, having in view the Common Welfare, it decided that the system of a uniform rate was the best possible system for all engaged in the traffic, a system than which none other could be equally useful or more just. From that decision Commissioner Morrison dissented. Nine years later, under Mr. Morrison's leadership, the Commission decides that this same system of a uniform rate is unreasonable and unjust, and, being prejudicial to producers and shippers nearer the point of delivery, it is, therefore, in violation of sections 1 and 3 of the Act to Regulate Commerce.

There was ample reason for reducing the uniform rate on milk full one hundred per cent. The evidence showed that the transport tax levied by the Milk Contractor Westcott and his associates—Westcott clears over $50,000 a year from his milk contract—upon this essential of life was full three times the cost of its transportation; there was also

good reason for making the toll on milk and cream the same, for there is certainly no difference in the cost of the transport of a forty-quart can, whether it contains milk or cream. Such a procedure would have saved to the whole body of milk consumers and milk producers upwards of $1,300,000 a year, or more than one third of a cent on each of the 320,000,000 quarts of milk consumed by the men, women, and little children of the Greater New York in 1895. The whole galaxy of railway experts had testified in favor of the uniform rate, had declared that the cost of the service in the transportation of a can of milk was in no real sense dependent on the length of the haul. The one reasonable course for the Commission, as the representative of the Government of the whole people, was to have reduced the uniform rate. This would have tended to put every community and every individual interested in the milk traffic on even standing ground; it would have been one more step in the slow but steady movement toward equality of commercial conditions.

The one thing, however, on which the decision of March 13, 1897, lays especial stress is the fact that of late the Commission has, uniformly, condemned the fixing of railway rates with a view of equalizing commercial conditions. Their final conclusion is "That each community is ENTITLED to the benefits arising from its location and natural conditions," but such conclusions carry with them a very dangerous boomerang.

If it is the business of the Interstate Commission to preserve to each community the benefits of its location and natural conditions, then, *per contra*, its power—the power of the National Government—may be invoked to compel each unfortunately located community, each community that happens to be located inland, on one line of railroad, subject to the will of one railroad manager, to compel such unhappy communities to submit to the evils of their location and natural conditions, and forthwith, the Commission becomes a pregnant power, in the exaggeration of the natural inequalities of commercial conditions, and a most potent instrument of tyranny.

This very thing was done in the noted Readville Case, decided by the Commission, October 30, 1890, and referred to on page 107. Readville is an inland community on the railroad from New York to Boston, and about eight miles from Boston. Because New York and Boston are seaports, enjoying low rates of transport by sea, they are, therefore, said the Commission, entitled to equally low rates by rail over the land. The railways charged eighteen cents a hundred on flour, New York to Readville; to Boston the railway rate was but nine cents, and the Commission said these rates were right and lawful. In effect, the Commission made the distance from New York to Boston the same as that from Readville to Boston, nine miles. It measures, on the railway map, 232 miles.

The result of this Readville decision and of other

similar decisions is seen in the report of the New England Road of October 28, 1897, in which the railway managers say boldly that they are to-day levying three times as heavy transport taxes on their pooled, local business as on the through business over which their power is not yet absolute—business not yet pooled. The Commission has made itself an instrument for driving the people from their country homes to city dove-cotes; an instrument for the impoverishment and enslavement of the common people.

The reasoning from natural conditions adopted by the Commission, carried out to its logical conclusion, would banish the bicycle, enjoin the use of the motor carriage, destroy railways and tramways, abolish even our common highways and bridges and remand us back to the happy natural condition which prevailed throughout the Western Continent when the Spaniards landed in Mexico, and the only means of land transportation was by human burden bearer, and that burden bearer usually a woman.

I take direct issue with the Commission both as to the object of its existence and the object of the existence of the railroad. The business both of the one and of the other is to equalize commercial conditions, to secure to every community and to every individual within the limits of the United States the nearest possible equality of transportation service.

The Commission has done valuable work in many lines, but it is altogether mistaken in its theory as

to the determination of transport taxes and as to the real business of the railway. In this connection it is interesting to note that, while the Commission condemns the adoption of one wide zone of uniform rates and of equal commercial conditions for the whole people, it admits the principle of grouped rates and of equal commercial conditions within limits, determined by its peculiar methods of guesswork and comparison.

Behold its just system of rates on milk brought by railway to New York :

Group 1.—40 miles from terminal.
Can Milk (forty quarts), 23 cents. Can Cream (forty quarts), 41 cents.

Group 2.—Next sixty miles (40 to 100 miles).
Can Milk, 26 cents. Can Cream, 44 cents.

Group 3.—Next 90 miles (100 to 190 miles).
Can Milk, 29 cents. Can cream, 47 cents.

Group 4.—190 miles to 417 miles or more.
Can Milk, 32 cents. Can cream, 50 cents.

I fail to see anything affecting the cost of the service in a grouped rate of forty miles that will not hold good for any distance. What reason can there be for adding three cents for the sixty miles of group 2, and but three cents for the ninety miles of group 3, and again three cents more for the two hundred miles or so of group 4 ? And why charge more for cream than for milk ? What business have

either the railway managers or the Commission to pry into the contents of the can?

The *Interstate Report* of 1895 affords the following valuable information: On the 30th of June, 1895, there were 30,000 railroad trains in use on the Royal-Railed Highways of the United States. The average train represents in its own cost and its share of the cost of tracks, stations, etc., about $365,000, or the value of a year's labor of a thousand Massachusetts farmers. (See May number of *Yale Review*, 1897, page 64.) The cost of its daily operation, including its share in the maintenance of the tracks, etc., which exist for its use, is a little over sixty-six dollars a day, and to run it and keep its iron road in good condition, requires the constant service of twenty-six men. The total daily charge against the average train, including its share of the interest on the cost of the entire equipment is about $100 a day. The average freight train weighs hardly less than 400 tons, and the average passenger train hardly less than 160 tons, or one ton per passenger seat. Both trains are hauled by tireless iron horses easily capable of making 300 miles a day.

My fourth proposition, page 6, that the transport tax levied to meet the cost of the shortest distance in any particular class of railway service will meet the cost for any distance in that class of service, within a railway system—the long haul will very often cost less than the short haul—this proposition does not mean that five-cent fares, with but forty persons

or less occupying the 160 seats in the average $365,000 train throughout each zone of 25 miles. in a daily course of 100 miles, would meet the expenses chargeable to that train; neither does it mean that under any imaginable condition, every railroad train could be made to meet its expenses; it does mean that, with five-cent fares in ordinary railway service, the average train would require seats for at least 200 passengers whose average trips would probably be not over ten miles, and in that case, the average train would earn, from its five-cent uniform fares, $100 a day as against $80 a day from its average fare of about fifty cents. With daily runs of 300 miles—the New Britain third-rail electrics make 324 miles a day—the five-cent train would make average daily earnings of $300.

The cost of running the average passenger train on the Genesee & Wyoming Valley Railroad is about 95 cents a mile, but, with an average train-load of only 1½ persons, the cost to the road per passenger mile is 67⅓ cents, and for the whole length of the road—5½ miles—the cost of the passenger trip is about $3.70. On the New Haven Road the cost per train mile is about 98 cents, but, with train-loads of about 75 passengers, the cost to the road, per passenger mile, is only about 1$\frac{3}{10}$ cents. It actually costs the New Haven Road less to haul a passenger the whole length of its main line, New York to Boston, 232 miles, than it costs the Genesee & Wyoming Valley Railroad to haul a passenger over its line of but 5½ miles. The

$5\frac{1}{8}$-mile passenger trip on the Genesee road costs that road more than seven times as much as the cost of the 24.02 miles trip of the average railway passenger of the United States. A study of pages 404 to 473 of the *Interstate Report* of 1893 will disclose very many instances of this character.

In September, 1896, a uniform five-cent fare was adopted on the Blue Island Line of the Chicago & Northern Pacific Road. The Line is twenty miles in length. Under the old mileage plan it did not meet its expenses. A year later, with five-cent fares, the Line was making money.

There is more money in a five-cents uniform fare than in a three-cents-a-mile fare, says the Manager, S. R. Ainslie.

The receipts of grain at New York by canal, up to June 19, 1897, thirty-five days after the opening of the Erie Canal, were 4,000,000 bushels; by rail, 13,365,370 bushels. Whether this grain was carried by the railways at 1.8 mills per ton-mile, the reported and not disputed rate of the summer of 1895, does not appear, but at this rate, in train-loads of 1800 tons, the gross earnings per train-mile would be $3.24, or double the earnings of the average freight train of the country.—(*R. R. Gazette*, July 2, 1897). 1.8 mills per ton-mile is but $22\frac{1}{7}$ cents per ton, and less than $7 per car-load of 30 tons for the average haul of 1895, about 123 miles.

George R. Blanchard sums up his long argument on "Railway Pools" in this quotation from the

Report of the Committee of the German Empire prior to its purchases of its main railway lines: "The uniting of the property, of the traffic, and of the management of the inland main lines under THE STRONG ARM OF THE STATE, are the only efficient and proper means to solve the task."

We have already had Mr. Blanchard's endorsement of a uniform milk rate.

The conclusion is irresistible. The Royal-Railed Highways of every country must be under the management of the state, and of the state alone. So long as these national highways are supported by tolls, those tolls must be low, uniform, stable, the same for all distances.

J. L. C.

NOTE.—The figures used in the first edition of this book as to train-loads, etc., and still retained in some places, were taken from the *Interstate Commerce Report* of 1894.

CONTENTS.

A GENERAL
FREIGHT AND PASSENGER POST.

CHAPTER I.

THE POST-OFFICE SINCE 1839.

NEARLY sixty years have passed since Rowland Hill startled the people of England with his project of a "Penny Post," proposing at one sweep to reduce the average rate of inland postage from about tenpence to a penny, and to carry a letter from Land's End to John O'Groat's at the same charge as from London to the nearest village.

The scheme involved both a radical reform in rates and an equally radical change in the aims of the government. At the close of the seventeenth century, the Post-office was a part of the public service, being run on the cost of the service principle. During the early part of the nineteenth century, its chief end was taxation, and the rates were determined on the modern railway principle of exacting as nearly as possible the full value of the

service rendered, or in other words "what the traffic will bear."

In the days of Charles II., when the only means of transportation were on foot or on horse-back, the postal routes of England were divided into two great groups, with a uniform rate of two pence up to eighty miles from London and three pence for greater distances. A hundred and seventy-five years later, with the post-coach traversing the smooth roads of Telford and McAdam, and with the cost of distance practically annihilated, the rates were three or four times higher than in the olden time, and were carefully determined at so much a mile.

In 1695, the postage from London to Liverpool on a single letter was three pence; in 1813, it was eleven pence. "In 1695, a circuitous post would be converted into a direct one, even though the shorter distance carried less postage; in 1813, a direct post was being constantly refused on the plea that a loss of postage would result."

The following rates were in force from 1812 to 1839: four pence a single letter up to fifteen miles, five pence for twenty miles, eight pence for eighty miles, etc. For "double and treble letters," the rates were two and three times higher than the single rates, and for "ounce letters," four times higher.

The complications in postal rates were almost as bewildering as are the complications in freight rates to-day. There was hardly a town in the king-

dom where accurate information could be obtained as to the rate on a letter addressed to another town.

The high charges forbade the use of the mails to the poor, hindered the development of trade and of commerce, and, in the end, greatly injured the postal revenue. In 1838, the net receipts were actually less than in 1815, although in the meantime the population had increased by some six million.

The postal laws of England were in perfect harmony with the rest of that system of class legislation which, as Thorold Rogers says, had been concocted for the purpose of cheating the workman of his wages, of tying him to the soil and of degrading him to irremediable poverty. On the other hand, the privileged classes sent their letters free. Franks were sometimes sold and were often given to servants in lieu of wages.

It was under these circumstances that Mr. Hill brought forward his apparently wild proposition. "What!" said the tax-gatherers, "carry a letter a hundred miles at the same rate as for one mile? Mr. Hill is mad; the idea is absurd; it is impossible." But the tax-payers, the common people, those who bore the burdens of life, heard the reformer gladly. The project was hardly made public before it attracted great and hearty support. Petition after petition was presented to Parliament in favor of the scheme, and, in less than three years after its first promulgation it was carried into effect.

"Colony after colony, and state after state, followed in the wake of Old England. Rates were continually reduced and in nearly every instance the revenues, at the reduced rates, were greater than before the reductions."

If for a time the English Post-office proved an exception to the rule, the fact may be easily accounted for. Mr. Hill's opponents were, for several years, in charge of his scheme and they desired its failure. But, strange as it may appear, the potent influence against its immediate success was the railway. Instead of carrying the mails for less than the stage lines, railway managers charged very much more. They first drove off the stages and then compelled the government to pay two, three, and in some cases four times as much as the stages had charged for a similar service.

Some towns were long without ordinary postal facilities, owing to the high railway charges. The extravagant demands of the London and South-western Railway Company for several years deprived the town of Alton of the advantages of a daily mail. In not a few instances, the postal authorities were obliged to abandon the railway and go back to the post-wagon for the conveyance of the mails. In one case, where speed was not a matter of importance, Mr. Hill effected a saving of $4000, and in another case of $10,000 annually, by thus reverting from the locomotive to the horse, for the carriage of mail bags.

The following quotation from *Her Majesty's*

Mails, by William Lewins, is of great interest in this connection: "The gain to the Post-office," says Mr. Lewins, "through railways is certainly enormous; besides the advantage of increased speed, they make it possible to get through the sorting and the carrying of the mails at the same time, but here the gain ends; *and the cost to the public* of the service really done is heavy beyond all proportion. The cost of carrying the mails by coaches averaged twopence farthing per mile; the average cost under railways (now that so many companies take bags by all trains) for 1864, averages sixpence a mile, some railways charging five shillings a mile for the service they render. The cost of running a train may be reckoned, in most cases, from a shilling to fifteen-pence a mile; and thus the Post-office, for the use of a fraction of a train, may be said to be paying at the ratio of from fifty to two hundred and fifty per cent. in excess of the whole cost of running."

No wonder that there was a falling off in the net receipts of the English Post-office at the opening of the railway era. The wonder is that the "Penny-Post" could have survived such exactions.

But the taxes imposed on our National Government, by the farmers of our post-roads, were even more exorbitant than those levied in England. Under the Act of July 7, 1838, the lowest compensation given to the railroads, for the transportation of the mails, was twenty-five per cent. higher than

the highest compensation allowed to the old stage lines for a similar service, and this notwithstanding the fact that the cost of the service to the railroads was hardly a fiftieth part the cost by stage. The rates paid to the American roads were, in general, double the English rates, and the American Postmaster-General had no control of the running of trains, and therefore no power to determine when the mails should be delivered. Here are some of the figures given by Postmaster-General Wycliffe, in 1843: New York to Paterson, N. J., seven times a week by the old stage contracts, $800 a year; by rail, six times a week, $1385; Buffalo to Niagara Falls, seven times a week, in each case, by stage, $572, by rail $1122; Springfield, Mass., to Albany, N. Y., six times a week, in both cases, by stage, $4762, by rail $10,000;—and the railways claimed still more.

Postmaster-General Cave Johnson, in his report of 1845, says: "Great and important advantages are enjoyed by citizens, by the reduction of the price of transportation, travel, etc., by the railroads, but they have universally increased the price of transporting the mails and, in some instances, to the extent of 200 or 300 per cent. above the former prices. It would be difficult to find a satisfactory reason for the difference in the price of transporting a thousand pounds of newspapers and letters, and a thousand pounds of merchandise, in the same car, between the same places and at the same time; yet more than ten times probably is demanded in the one case than in the other."

The Post-office to-day pays full half as much for the transportation of a ton of mail-bags from New York to Buffalo by railway, as it used to cost to send ordinary freight the same distance by boat and by wagon, in the days before the opening of the Erie Canal. Books, carpets, cutlery, hats and caps, boots and shoes, gloves and laces, are carried from Liverpool, via steamer to New Orleans and thence by railway to San Francisco, for $1.07 a hundred pounds. Our express companies carry all sorts of parcels, from the domicile in New York to the station, thence by rail a thousand miles to Chicago, and deliver at the domicile in that city, at a rate of $3.00 a hundred pounds, but the railways tax the Government 2.77 cents a pound, $2.77 a hundred, $55.50 a ton, for the transportation of its mail-bags for an average haul of not over 442 miles.—Report P. O. D., 1900.

For the first ten years after the railroads began to carry the mails there was a continual deficit in the revenues of the post-office, and it was only met by the increase of the business which followed the decrease of the postage and the wide grouping of rates, in 1845. The deficits in the business of the Post-office in recent years are easily accounted for by the burdensome taxes levied by our railway kings. These taxes remain, in most cases, at the same rate to-day as in 1878. In some instances the receipts from the Post-office probably more than pay the entire cost of the trains that carry the mails.

But notwithstanding the failure of the people's representatives to compel the managers of our "post-roads" to give to the public reasonable postal transportation, and notwithstanding the waste of postal revenues in bounties given to such concerns as the Standard Oil Company's Anglo-American Steamship Line, the extension of the sphere of the Post-office has gone steadily, though slowly, forward.

The Act of Congress of 1845 made the letter rate five cents a half ounce within distances of three hundred miles, and ten cents for longer distances.

In 1849, Congressman Palfrey, of Massachusetts, advocated the abolition of the franking privilege, a prepaid, uniform two-cent letter rate for all distances, and free city delivery. He believed that the two-cent rate would speedily send the letters up to 200,000,000 (the number of paying-letters had increased under the Act of 1845 from 24,267,-552 in 1843, to 58,069,075 in 1849), and make all recourse to the general Treasury unnecessary. The expenses of the department would be somewhat increased, by such a multiplication of letters, but not materially. "*It is the keeping up of the system that costs so much money, and not the amount of the business. The increased cost for transportation would be but trifling.*" The institution of free delivery would save to the city of New York alone $900 a day, or nearly a third of a million dollars a year. But Mr. Palfrey was far ahead of his time. The next step was not taken until 1851, when books

were first introduced into the mails and the rates on letters were made three cents a half ounce for distances within three thousand miles, and six cents for greater distances. In 1855, prepayment by stamps was made compulsory. It was not until 1863 that a uniform three-cent letter rate was adopted, and a system of free delivery was inaugurated in our large cities. It was only in 1873 that the franking privilege was abolished, to be revived in a modified form later.

The country waited for thirty-four years (until 1883), before it secured a Congress bold enough and far-sighted enough to complete the scheme of Mr. Palfrey and give to the people a uniform two-cent letter rate. In 1885, the weight of letters was increased to one ounce.

The English Post-office, as organized by James I., in 1603, provided not only for the handling of the correspondence of his subjects, but also for the conveyance of their persons and property up to thirty pounds in weight, and this inland traveller's post was not abandoned until 1780, after an existence of 177 years. The Penny-Post, established by Wm. Docwra, in 1683, carried parcels up to one pound anywhere within a ten-mile circuit of London, and as late as 1711 this service extended to certain towns as far away as twenty miles from the metropolis.

The Act of Parliament, Ninth of Queen Anne, chapter 10, establishing a postal department in the American Colonies, made it the especial duty of

the Postmasters to furnish horses for the transportation of travellers at a rate of three pence a mile for a horse and four pence a mile for a guide, parcels up to eighty pounds to be carried on the guide's horse free of charge.

We also note among the curious articles franked to foreign parts, by the old English packet service, the following:

"Fifteen hounds going to the King of the Romans with a free pass."

"Two maid-servants going as laundresses to my lord Ambassador Methuen."

"Dr. Crichton, carrying with him a cow and divers other accessories."

Previous to 1689, the Harwich Post-office packets running to Brill, in Holland, were entirely supported by the receipts from freight and from passengers, and in the year 1822 the Dublin-Holyhead line carried over 16,000 passengers. In 1827, the steam flotilla of the English postal department comprised nineteen vessels of an aggregate of 4000 tons burden, and it was only in 1830 that the regular over-sea mail service of England was turned over to private hands.

These facts are of great interest, as showing the original functions of the post-office, and as indicating its possibilities, but it is doubtful if the possibilities of this wonderful public service were ever thoroughly appreciated, and we know that for many years previous to 1860, both in England and in America, it was closely confined to the convey-

ance of letters and newspapers. Up to that time the interests of the private common carrier seem nearly always to have prevailed against the interests of the public.

The Act of Queen Anne was partially revived by our National Government in 1861, when a few articles of merchandise, maps, photographic materials, scions, seeds, etc., were admitted to the mails in very small parcels.

In 1864, this list was somewhat extended, and finally, in 1879, it was made to cover almost anything that could be carried in a mail-bag without injury to the rest of the contents, the rate being one cent an ounce, in parcels up to four pounds. In 1885, it was further provided that publishers and news-agents might send their merchandise, paper-covered books, and newspapers, through the mails to their customers, anywhere in the United States, at one cent a pound, and in any quantity from a pound to a car-load; and to-day the conveyance of this kind of merchandise makes up two thirds of the business of the Post-office. The aggregate weight of second-class matter in 1895 was 312,000,000 pounds (156,000 tons), being an increase over 1894 of 13,000,000 pounds or 6,500 tons. It is said that a certain publisher in Maine has sent out through the mails 1600 tons of books in a single year, and a number of publishers, at some seasons of the year, ship two tons a day. The city of New York deposits in its Post-office 30,000 sacks of this merchandise every month. These

figures give us some idea of the use that the public will make of the mails when the Post-office is once opened to the general service.

Postal cars, moveable post-offices, have been hired of the railroads since 1863, but as will be shown later, on terms that would have bankrupted any ordinary business. This year, 1863, is also notable for the gathering of the first Congress of Nations for the formation of an International Postal Union, and it is very gratifying to know that the prime mover in this grand scheme was an American, the Hon. John Kasson.

But although there has been a considerable extension of the postal service in this country in the last half century, the Old World has gone far beyond us. England has inaugurated a system of Postal Savings' Banks that have proved of wonderful utility; she has also brought the telegraph within the sphere of the Post-office, with the result that English telegrams cost but half as much as ours, and there is twice as much use of telegraphic facilities in England as in this country.

But perhaps the greatest step, in advance that the English Post-office has taken is in the extension of its service to the conveyance of parcels.

A national parcels post formed part of the comprehensive plan of Sir Rowland Hill, but it was killed by the railroads, and their opposition was only overcome when Postmaster-General Fawcett, in 1883, agreed to give them 55 per cent. of all the receipts from railway-carried parcels. This tax

has proved so burdensome that, in some cases, the Government has abandoned the railway for the post-wagon, for the conveyance of parcels as well as of letters, but notwithstanding this drawback, the experiment has proved a wonderful success. The rates run from threepence a pound up to eighteen-pence for an eleven pound parcel, not exceeding three and a half feet in length and six feet, combined length and girth. Twopence extra insures a parcel up to $25, and sixpence up to $125. In 1889, nearly 40,000,000 parcels were sent through the English Post-office, at a cost to the people of a little over ten cents a parcel. And so well satisfied are the railway managers of England with the project that, Sir George Findley, then manager of the London and Northwestern Railway, in a speech made in February, 1890, paid to it the following tribute :

"The parcels post, compared with its elder brother, the letter post, is yet in its infancy, but it has, at a bound, become one of the great institutions of the country and has fully justified its inception."

That the English people thoroughly appreciate the advantage of the freer trade and the greater equality of service secured to themselves, by this nationalization of the express business, is proved by the fact that, in the year 1894 the number of parcels transported in the mails, was over 56,600,000, an increase of over 40 per cent. in five years.

The conveyance of parcels by the Post-office has been long common, in Europe, and at rates usually lower than the English rates. In Germany, for parcels up to eleven pounds, the charge is six and a quarter cents up to ten miles, and for greater distances within the limits of the empire, twelve and a half cents. In Belgium, the uniform rate for similar parcels is sixteen cents by express trains, and ten cents by slow trains, in each case delivered at the domicil.

Under the International Parcels Post Convention, formed at Paris in 1880, and now including, probably, half the civilized world, outside the United States, the cost of carrying an eleven pound parcel across each of the countries of the convention, is but ten cents, and the entire charge for the conveyance of such a parcel from any post-office in Germany to any office in Egypt, is only forty-five cents; ten cents across each of the countries, Germany, Switzerland and Italy; ten cents across the Mediterranean, and five cents to the place of delivery in Egypt. Sixty-five cents carries an eleven pound parcel from France or Germany to nearly every post-office in the greater part of South America.

In 1891, the people of Germany sent $27,000,000 worth of merchandise to their customers and friends through the International Parcel Post; Austria sent over $55,000,000, and little Switzerland nearly $20,000,000, and they received nearly as much in return. It was an American who brought the International Postal Union into being, but the de-

velopment of this greatest of "associations for the preservation of international peace and for the advancement of international prosperity," has been left to other hands, and the Government of the United States still refuses to our people the grand advantages which this Parcel Post Convention holds out to them. Our authorities have, however, concluded Parcel Post Conventions with a few of the West India Islands, and with certain South American countries, Mexico and the Sandwich Islands, and it is a curious fact that eleven pound parcels of merchandise may be exchanged between certain of our great cities and these far away foreigners, through the Post-office, at a charge of but twelve cents a pound, while the cost of a corresponding service at home is sixteen cents a pound. In 1893, the English Post-office handled 2,785,000,000 pieces of mail matter, at a profit of over $14,000,000. Our Government, handling in the same time about 5,000,000,000 pieces, made a loss of $5,177,171, a loss increased in 1895 to nearly $10,000,000. This deficit is easily accounted for, however, as has been shown, by our exorbitant railway taxes and by our unnecessary bounties to subsidized steamers.

Such, in brief, is the story of the extension of the sphere of the Post-office, inaugurated by the wonderful reform of Sir Rowland Hill, in 1839. The part played by the different governments in this business, has been that of directors of their respective public business corporations, either

building or purchasing the different agencies of public transportation and communication, or making contracts with the various private agencies for the use of their equipment, and providing the necessary revenues by levying for each particular service, a tax, at once low and uniform for all persons, regardless of differences of distance and of the volume of the traffic, and, in so far as this theory of governmental duty has been applied, it has everywhere proved a decided success.

As to the future, in this country, Postmaster-General Wanamaker declared in his report of 1891, that one-cent letter postage, three-cent telephones, and ten cent telegrams were all near possibilities under an enlightened and compact postal system using the newest telegraphic inventions; and in his last report he said, "one-cent letter postage to every place in the world is what this nation is surely coming to." Mr. Wanamaker also favored a consolidation of the third and fourth classes of postal matter, with a uniform rate of one cent for two ounces, or eight cents a pound, saying that the high rate now charged for merchandise prevented the proper use of the post-office by the people, and that if the number of parcels were doubled or trebled, the additional burden upon the postal service resulting from the increase would be very slight.

It seems to me, however, that a very sensible classification of postal matter would be as follows:

First class: letters, at a rate of one cent an ounce.

Second class: all free matter.

Third class: merchandise, with a uniform rate of one cent a pound, in parcels from one pound to sixty pounds, or from the dimensions of a pint to a bushel, transported by passenger trains; and in parcels of from twenty-eight pounds to two hundred pounds, or from the dimensions of a half bushel to a barrel, at a half cent a pound, by fast freight trains.[1]

The objection that such rates would enlarge the already great deficit in our postal revenues, I have already answered. Our railways are post-roads; they can carry and they should be made to carry merchandise for the Post-office as cheaply as they now do it for the express companies. If this were done, the Post-office would undoubtedly pay its expenses even at these rates, and it would soon be possible to lower them. But it is objected that although this business may be done more cheaply by the Post-office, it will not be done with the same despatch as by private express companies. Experience, however, tells a different story.

The London *Spectator* is my authority for the statement that until the agitation commenced in England for a government parcels post, the railroads seemed to despise the business. The air they assumed was that of a person conferring a favor, who will do the business offered when there is no more important business on hand. Such a

[1] See scheme suggested in Chapter V.

matter as a fixed and low tariff and promptness of despatch and delivery were quite beneath their notice. All this was changed by Mr. Fawcett's determination to give the public a parcels post, and long before the parcels post became a reality. The only agency that could subject the railway companies to effectual competition was an institution having already in existence a machinery for collection and distribution to all parts of the country, and the result was seen in the better work of the companies. But in a direct trial as to despatch, the Post-office beat the railroads. Mr. Shaw Le-Fevre, when Postmaster-General, made the experiment of sending off a hundred pair of parcels to places selected haphazard, one of each pair, by the Post-office, and one by the railroads. In seventy-one of the hundred cases, the parcel was delivered quicker by the post than by the railroad, the advantage in time being, on the average, five hours. The Post-office, moreover, in every case, delivered its parcel at the address, while, in many cases, the railroad only brought it to the nearest station, a custom which prevails to-day, to a considerable extent with our American express companies, which are in reality, little more than departments of the railroads.

A friend of mine had a parcel sent from Titusville, Penn., to Richmond, Va., a short time ago, by express. The time occupied in transit, was seventy-two hours, just twice that taken by the Post-office for the carriage and delivery of a letter.

At my old home, in Farmington, Conn., an extra charge of ten cents is made for the carriage of parcels between the railway station and the village, and it is next to impossible to learn beforehand what is to be the expressage on an outgoing parcel. Express rates are liable to be changed any day, and as many times a day as suits the whim of the general manager. There are no public rate sheets. This further evil also follows: namely, that persons of influence are frequently able to secure free expressage, and to throw the whole burden of the business upon their unfortunate neighbors. These evils are characteristic of the private management of this class of public business, and they are evils that can be met only by placing it in the hands of the Government. As to the economic advantage of the proposed reform, the following testimony from one of the largest manufacturing concerns of Ohio, is of great value. Writing to me, in February, 1895, the secretary of the company says that the savings accruing from a parcels post system would be immense, and that it would be a saving not only in express charges but in time. "I know of instances where lawsuits have resulted from delays of shipments, and of instances where customers have failed to meet their obligations to manufacturers, because of the failure to receive in due time the repairs necessary to operate their machinery. We have hundreds and thousands of customers who live anywhere from five to forty miles from railways,

and who lose anywhere from three days to a week on every order for repairs that they place, and the loss of time figured up and saved to our customers would be quite an object, and will run into thousands of dollars when you embrace them all. "Here is room for reform."

But why confine the business of the Post-office to the mere handling of letters, newspapers, and small parcels of merchandise? Why cannot we have "A General Freight and Passenger Post," as well as a "Letter and Parcels Post?" Is there any essential difference between the transportation of ordinary postal matter and of other freight and of passengers? Certainly not. The railway is the common servant of all. Every piece of postal matter, every ton of freight, and every passenger is received, carried to its destination, and delivered by the same transportation agencies. True, a letter or a newspaper is less in bulk and in weight than a man or a ton of freight, but it costs less to haul a ton of freight a thousand miles in the great railway trains of to-day, than it used to cost to carry a letter half that distance with the old time transportation facilities. The modern Post-office, moreover, deals with tons instead of ounces, and its machinery can be adapted to handle tons of other freight as easily as it now handles tons of mail bags. According to Postmaster-General Wilson's estimates, the weight of the United States mails in 1895 was over 234,000 tons. On some roads the mails

weigh a tenth as much as the passengers. The receipts of the railways of the country for the transportation of the mails in 1895 were more than ten per cent. of the receipts from the passengers.

The grand principles on which the postal systems of the world are based are as follows:

First. When once a postal system is established, the machinery must run, and it makes no practical difference in the cost of the business, whether a letter, or a newspaper, or a parcel is carried one mile or a thousand. Once the mail has started on its trip, it is impossible to figure the difference in cost whether a piece of postal matter is left at the first office at which the mail stops, or goes to the farthest office in the system. At every office a part of the mail will be left and new matter taken on; one piece in a hundred perhaps will go the whole route and there will always be room for it. The average post will be short. If one could send a letter round the world for nothing, the bulk of the postal business would still consist of the exchange of friendly and commercial messages between near neighbors. Distance, in short, costs practically nothing in the business of the Post-office and therefore postal rates should be the same for all distances.

This was the great discovery of Mr. Hill, and the method by which he arrived at his conclusions, is as follows: Out of an annual expenditure of £700,000 in the business of the Post-office, the total amount found to be chargeable to distance

was but £144,000 (about one fifth). Dividing this by the number of paying letters, and allowing for the greater weight of newspapers, it left the cost for the average conveyance of each letter less than one tenth of a penny, an amount so small that any attempt to divide it, according to distance would be manifestly absured.

Further investigation proved, moreover, that the cost of conveyance per item of postal matter was not infrequently *less for* a *long distance than for* a *short distance.* Thus, in the case of the mail, on the longest and most important route in the kingdom, that from London to Edinburgh, some four hundred miles in length, the cost of the conveyance of the whole mail, per trip was five pounds, and this amount, divided according to the weight of the paying letters and newspapers, gave one sixth of a penny as the absolute cost for the conveyance of a newspaper of an average weight of one and one half ounces, and one thirty-sixth of a penny for that of a quarter-ounce letter.

These sums being the full cost for the whole distance, Mr. Hill assumed that the same rating would do for any place on the road. It was admitted on all sides, that the chief labor was expended in making up, opening, and delivering the mails ; therefore, the fact whether it was carried one mile or one hundred, made comparatively little difference in the expenditure of the Post-office. The expense and trouble being much the same, perhaps even less at Edinburgh than at some in-

termediate points, why should the charges be so different? But the case could be made still stronger. The mail for Louth, containing, as it did, comparatively few letters, cost the postal authorities, as the simple expense of transit, five farthings per letter.

Thus, an Edinburgh letter, costing an infinitesimal part of a farthing, paid a postage of one shilling and three halfpence, while a letter for Louth, costing the Post-office fifty times as much, paid but ten pence. Mr. Hill's opponents were therefore compelled either to accept his proposition, or to stand as the defenders of the existing system under which the highest price was often paid for the cheapest business.

"At first sight, it looked extravagant that persons residing at Penzance or the Giant's Causeway, at Waterford or Wick, should pay the same postage on their letters. In practical experience, however, it was the nearest possible approximation to perfect justice. The intrinsic value of the conveyance of a letter is a very different thing from the cost of such conveyance. The *value of the service* rendered by the Post-office in any particular case, *is exactly equal to the time, trouble, and expense of the despatch of a private messenger on that particular errand, and may be fairly measured by distance*, but it is the glory of the modern Post-office that, by the use of its vast machinery, this burdensome expense is practically eliminated and all the resulting benefits are equally divided among

the whole people. On the other hand, the curse of our present system of railway rates, based on distance, consists in this, that it enables our railway managers to guage their charges so as to take to themselves nearly all the difference between the cost of conveyance by human burden-bearer or by ox-team and by railway. They are thus rapidly absorbing the wealth of the entire country.

Second. The postal rate is a tax, a tax on communication, a tax on the nervous system of the body politic, and it is a tax especially burdensome upon the poor. The postal rate, therefore, must be as low as possible, and it must be the same for all.

Third. The only power that can be safely entrusted with the right to levy postal taxes, is the General Government.

The experience of more than half a century has triumphantly demonstrated the truth of these propositions as applied to postal freight, and what is true of the postal business is equally true of ordinary railway traffic. The post-office and the railroad are indeed inseparably connected, and the common interest demands that both shall be under the same control, and shall be managed on the same principles. Not until the different governments of the world have applied the postal principle to telegraph and telephone rates on the one hand, and to railway rates on the other, under the control of the Post-office, will that great institution be able to perform its whole duty, as the grand

centre of the nation's circulating and nervous system.

The office of the letter, the newspaper, the telegraph, and the telephone is to give mankind information as to where and how they may best satisfy their wants and dispose of their wares. The business of the different agencies of public transportation (and the railway is the chief of these agencies), is to provide the public with the cheapest, the quickest, and the best possible machinery by which they can avail themselves of this information. It is doubtful if any one has an adequate idea of the evils that are certain to follow the continuance of the present system of private management of these great public works, with its franking privileges for the favored few, and its unjust and unstable taxation of the many, or, on the other hand, of the blessings that are equally certain to accrue to the people at large from the proposed widening of the sphere of the Post-office, with its system of equal, stable, just, and uniform taxation for all.

CHAPTER II.

ABUSES OF THE PRESENT SYSTEM OF RAILWAY MANAGEMENT.

THE railways are the circulating system of the country; the tracks are the arteries and veins; the trains are the life-bearing current; the freight and the passengers in the trains are the life itself. It is no more possible to discover the difference in the cost of the conveyance of freight and of passengers between the different stations of a railway system, than it is to measure the difference in the efforts of the human heart, whether the life essence be transported from one valve of the heart to the other, or from the life centre to the finger tips. In the one case, as in the other, the office of the circulating system is to relieve congestion here and starvation there, to the end that there may be a perfect body, complete in every part, and each part dependent upon and subservient to every other. In either case, the cost of transportation is a matter of life and death. Check the flow of the life blood to the hand and it withers and dries up; cut off an individual or a town from the national system of circulation, or what is practically the

same thing, discriminate against it in railway rates, and it dies.

If Mr. Depew, President of the New York Central Railroad, is to be believed, thousands of towns in this country are thus dying to-day, because of the tariff discriminations of our railway kings, and tens of thousands of individuals are being deprived of opportunities to labor and to enjoy the fruits of their labor by the same arbitrary power.

"It is a matter of time only" (Mr. Depew is reported to have said before the Interstate Commerce Committee of Congress, in the winter of 1893), "when the small dealer who is compelled to pay the regular tariff will go to the wall. If this law [the Interstate Commerce Act, which he claims to be the cause of rate cutting] continues in force five years longer, there will not be an independent business man in any of the large cities of the United States. It [this cutting of rates] is transferring the great business of the country from its old position into the hands of a few great dealers, and it is growing at a speed beyond anything we know, *forming great trusts and combinations.*" Note that Mr. Depew attributes the growth of the trusts to railway discriminations, and how it is done is admirably told by Albert J. Stickney in his *Railroad Problem.* "A railway manager finds it more convenient to deal with one man or one corporation, than to deal with a number of individuals; the manager therefore commences operations by

giving to some enterprising party an advantage over his neighbor in rates. The favored individual, of course, soon obtains a complete monopoly in his particular trade ; it may be in the product of mines or of oil wells, of farms or of factories. After a time, the grantees of these monopolies become rich, and instead of receiving rebates as a favor, they become masters of the railways and, by playing one against another, they practically dictate the rates they pay. Thus it has happened that in some kinds of business, the oil business, for instance, a single concern, the Standard Oil Company, after having received from the railroads ten million dollars in the short space of eighteen months, has gained an absolute monopoly."

In other classes of business, like that of dressed beef and the handling of grain, the monopoly is in the hands of three or four individuals. "They parcel the United States out among themselves," says Mr. Depew, "and they send their products [the product in which the railroads first made them privileged dealers], by any railway they see fit. To-day they send it over the New York Central ; to-morrow they arbitrarily change it to the Pennsylvania Railroad. One of these privileged dealers, for instance, is able to send five or ten cars of first-class goods per day from Chicago to New York. The regular rate is seventy-five cents a hundred, but in order to get his trade, the railways offer him a rate of thirty-five or forty cents." Taking a carload of first-class freight at ten tons, this

great firm, at a rate of thirty-five cents, receives an advantage over its competitors of $80 per car, from $400 to $800 a day, and from $125,200 to $250,400 for the working year of 313 days, according as it ships five or ten cars a day. In November, 1891, the Federal grand jury returned an indictment against Swift & Co., dressed beef shippers of Chicago, for having received $30,000 in rebates in the previous six months *from the Nickel Plate Road alone.* Is it any wonder that in a short time the competitors of such a firm are wiped out? And," says Mr. Depew, "this is going on at every terminal of this country and by all lines, so that you find business is being concentrated at the terminals. It is being concentrated at Chicago, and concentrated at New York, concentrated at Pittsburgh, at Philadelphia, and at Boston, and at other terminals all over the country, while small places are being wiped out; their industries are being taken from them.

"A bill is passed to prevent trusts; manufacturers get round it by forming a big corporation. The managers discover that, owing to discriminations in freight rates in favor of terminal points, great savings are to be made by removing the plants in the smaller towns and villages to these terminals, so they take away the business from the small town and close up the factory. The workmen follow the business; the town goes to ruin." "And yet," says Mr. Depew, "the growth of this country is dependent upon the building up of the

smaller places. The best political and economic results are against the concentration of business at a few places and in a few hands."

And then the great railway manager goes on to speak of the general impression that railways seek to encourage these combinations because they can thus deal with fewer people, and he says this is a false impression. Unfortunately for Mr. Depew, however, this impression is absolutely correct. The investigations of the Hepburn Committee of the New York Legislature, prove that on the very road of which Mr. Depew is now President and of which he was then the leading counsel, this system of building up the rich at the expense of the poor has been a prevailing practice. Mr. Wm. H. Vanderbilt swore that, as a rule, all large shippers who asked for them, got special rates, and among those whose wealth he had thus helped to build up, he mentioned the name of Mr. A. T. Stewart, the great dry-goods merchant of New York City. Drawbacks and rebates, he said, were very large. The evidence showed that, in some towns, one man paid three times the rates given to his neighbor.

In these special rates, distance was altogether lost sight of, one rate of twenty cents being made to Little Falls, 217 miles from New York, while that to Syracuse, 291 miles away, was but ten cents, and the rate to Black-Rock, a distance of 455 miles, was exactly the same as to Little Falls. The only rule for the determination of the transportation

taxes levied on the New York Central Railroad, was the will of the President and that of his traffic manager. They changed the rates at some seasons of the year three or four times a day, said Mr. Vanderbilt.

This perversion of the use of this greatest of public works continues, and must continue as long as this business of managing our post-roads is farmed out to private individuals and to private corporations. Nor can this evil condition of things be altogether remedied by the collection of transportation taxes by State officials, as long as the value of the service rendered by the railways, rather than the cost of the service, continues to be the basis on which these taxes are determined.

The growth of railway terminals and the concentration of business in the hands of a few great concerns at or beyond those terminals, at the expense of the intervening country (so much bewailed by Mr. Depew, and at the same time so much favored by his influence), is no new thing in railway history, nor is it confined to this country. It seems, indeed, to have been specially provided for in one of the earliest charters ever granted to a railroad corporation, namely, that given to the Stockton & Darlington road, of England.

The provisions of this charter show that the railway projectors of that early age well knew that distance was hardly worth considering as a factor in the cost of railway service, while they fully realized the tremendous power which it would have as a tax

factor in enabling them not only to exact the full value of that service from those living along their lines, but also to take from them well-nigh the full value of their property and of their earnings. The Stockton & Darlington charter provided that its projectors might levy a tax of eight cents a mile per ton on coal used along their lines, while coal for export,—that is to say for use at terminals and at places beyond the terminals, was to be taxed but one cent per ton, per mile. And this system, inaugurated on the Stockton & Darlington Railroad, seems to have been copied everywhere and by all railway managers, whether at the head of state or private roads. The prevailing custom seems to have been to exact as nearly as possible the full value of the service from local traffic, while the through business has always been done as nearly as possible on the basis of the cost of the service, and notably in disregard of distance.

Terminals have had lower rates than intermediate stations, and the terminals, in their turn, have been subjected to higher rates than were levied on the same classes of freight shipped beyond the terminals. Thus, flour shipped from Minneapolis for consumption in Chicago, or Milwaukee, though paying less than from Minneapolis to intermediate stations, sometimes pays more, by a third, than flour for shipment beyond those places.

It is a notorious fact that coal shipped from Pennsylvania mines for use in Philadelphia, pays a much higher transportation tax to Pennsylvania

railroads than coal carried to that port for shipment beyond Philadelphia. Corn shipped from Minneapolis to Boston has paid $44 per carload of twenty tons, more than if taken on board ship at Boston for foreign consumption.[1] Nothing indeed is more common than such railway discriminations in favor of foreigners at the expense of citizens in the transportation of exports, nor are instances wanting of similar discriminations in the transportation of imports. In 1893, Representative Ikert, of Ohio, testifying before the Ways and Means Committee of Congress, said: "The German manufacturer can ship his goods from Germany to distributing points in the interior of the United States at a less cost than can the domestic manufacturer in New Jersey or Ohio." At one time the rate on tin plate from Liverpool, via Philadelphia and the Pennsylvania Railroad to Chicago, was twenty-four cents a hundred, while the rate from Philadelphia to Chicago, on the same article, over the same road, was twenty-eight cents a hundred.

The record in the Texas and Pacific case, lately tried before the Supreme Court of the United States, shows that the rate per hundred pounds charged for the transportation, on through bills of lading, of books, buttons, carpets, clothing, and hosiery, from Liverpool and London, via New Orleans, over the Texas and Pacific and Southern Pacific railway systems to San Francisco, is $1.07. On the same kind of domestic articles carried, it may be in the same train, the transportation tax

[1] *Interstate Report*, 1892, p. 284.

over the same railroads is $2.88 from New Orleans to San Francisco.

On foreign boots and shoes, cashmeres, confectionery, cutlery, gloves, hats and caps, laces and linens, the same blanket rate, $1.07 a hundred pounds, is levied for transportation from these English ports to San Francisco, while upon similar American goods shipped from New Orleans to the same destination, the railroad tax is $3.70 a hundred. A more absurd system of taxation than this could hardly be imagined, and yet the majority of the United States Supreme Court (Justices Harlan and Brown and Chief-Justice Fuller dissenting, however,) has decided that it is both just and lawful, and that American railway managers may with perfect impunity continue to tax Americans three or four times as much as they tax foreigners for a similar service. And, according to Mr. Grierson, General Manager of the Great Western Railway of England, this sort of discriminating "protection" of foreign producers and of foreign consumers against native producers and native consumers, exists in every country where railroads have been developed. The export rate on baled cotton goods from Manchester to Hull is 17*s.* 6*d.*, while the local rate is 31*s.* 8*d.* From Manchester to London the export rate is 25*s.*, while the local rate is 40*s.* 8*d.*

American beef, on the other hand, is carried from Liverpool to London for 25*s.* ($6.25) per ton, while the rate from Wolverhampton to London (hardly two thirds the distance) on Eng-

lish beef, is 45*s.* ($11.25) per ton. The state roads of Germany ship coal from German mines to Hamburg for foreign consumption, for $1.25 a ton less than if it is to be used by Germans living in Hamburg. "The German-Dutch rates," says Mr. Grierson, "are invariably lower than the rates to inland towns lying between the forwarding station and the port."

Even Belgium levies a much heavier transportation tax on coal brought from the interior for the use of her own citizens living at Antwerp than if it is to be forwarded to strangers.

According to the *Evening Post* of New York, of February 20, 1896, the New York roads were then carrying Minneapolis manufactured flour from Buffalo to New York City for ten cents a hundred pounds, while they charged New York State millers eighteen cents for the same service. Everything, indeed, in relation to the exchange of kindly services between individuals and between nations seems to be at sixes and sevens. On the one hand we have the various governments of the world (that of England being almost the only exception) levying taxes on the transportation of imports across their frontiers for the "protection of the home market," and, on the other hand, we have private railway corporations and the managers of State roads making discriminations in transportation taxes within national frontiers which not only tend to nullify the effect of the custom's tariffs, but, in many cases, actually favor the foreigner at

the expense of the citizen. Of the two, railway tariffs have vastly more influence over life and over business than have custom's tariffs.

Especially is this true of the United States. "In America," says the English writer Acworth, "the railway rate is a matter of life and death. In America, rates vary from day to day as wildly as the price of fish at Billingsgate. An oriental despot, a Baber, or an Aurungzebe did not make and unmake cities with more absolute and irresistible power than did an American railway king."

"We are told that the American railways have ruined the English farmer; people forget that they have ruined the American farmer also."

"This power," says Mr. Stickney, "like a government, has authority to make tariffs and to enforce their collection. It claims a right which no civilized government claims, and no sovereign has dared to exercise for centuries, of rebating a portion of its tariff, and thus discriminating between its subjects in the collection of its revenues. It is safe to say that if the Congress of the United States should enact a law which established on any commodity one impost duty for the city of New York and a different duty for other cities, or one duty for one firm and another duty for another firm, no matter how slight the difference, the people would resort to arms, if need be, rather than submit." (See A. B. Stickney's *Railway Problem*, page 31.)

"These railway kings," says Mr. Bryce, "have power, more power—that is, more opportunity to make their will prevail, than perhaps any one in political life, except the President or the Speaker, who after all hold theirs only for four years and two years, while the railroad monarch holds his for life. When the master of one of the great Western lines travels toward the Pacific in his palace car, his journey is like a royal progress. Governors of states and territories bow before him; legislatures receive him in solemn session; cities and towns seek to propitiate him, for has he not the means of making or marring a city's fortunes?" (Bryce's *American Commonwealths*, vol. ii., page 653.)

In an article, in the *Times* of Hartford, Conn., of August 26, 1893, discussing the then proposed consolidation of the Boston & Maine and the New York, New Haven & Hartford Railroad systems, we find the following: "When this is accomplished, you will see a corporation with $300,000,000 of capital and it will be the biggest railroad combination in the country. We shall have to go to Germany, where all the railways are in the hands of the Government, to find anything to compare with the New England Railroad system as it will be five years hence. What then will the office of Governor in any New England State be worth, in comparison with that of President or General Manager of this vast railway system? A United States Senatorship will be a poor prize in comparison with that of Director of the New Eng-

land Railway system. No doubt the salary of the man at the head of the organization will be equal to that of the President of the United States, $50,000 a year."

Less than three years have passed and this prediction is almost more than fulfilled. If not consolidated in law there is every reason to believe that these two great corporations are consolidated in fact, and that the government of the Consolidated Railroad, long practically absolute in Connecticut has now extended its (chartered?) power of unlimited taxation over all New England. According to the *Railroad Gazette* of March 20, 1896, the New York, New Haven & Hartford Railroad now owns all Southern New England, with its fast growing cities as in fee simple. It has not only absorbed our principal lines of land transportation; it has also obtained nearly complete control of almost every important wharf in our chief New England harbors and of almost every competing steamboat line that plies along our coast. It has already seized more than one of the trolley lines which were built to secure to local travel a reasonable service, at reasonable rates, and a decree has gone forth from the Railroad Capital, in the city of New Haven, that not another electric tramway shall ever be laid down on any of the highways which the people of Connecticut have built and which the tracks of this road parallel. There is to be no avenue of escape from the burdensome taxes which this corporation sees fit to levy upon its sub-

jects. Recent events would seem to indicate that even the church is not to be free from its encroachments.

Henceforth the presiding council of this Imperial Railroad Government are to regulate all the conditions of life in New England. The wages of New England labor, the profits of New England business are to be determined by their will. Her cities, towns, and villages are to wither and dry up or to grow and flourish at their pleasure. It will be of no avail for the factories of the interior to move to the seaboard, for this railroad despotism rules the sea as well as the land. It completely dominates the navigation of Long Island Sound, the great ship canal that bathes our southern border. A view taken from the top of Bunker Hill monument will show that almost every dock in Boston Harbor is in its control. From Eastport, Maine, to New York City, the tariff laws of this *de facto* consolidated government have infinitely more influence upon life and upon business than have the tariff laws of Congress.

Notwithstanding the fact that the New York, New Haven & Hartford Railroad Company, with its comparatively level track and few curves, can haul the heaviest loads at the lowest cost of almost any road in the country its average freight rate per mile is among the highest in the country. It is nearly double the average rate in the United States; it is more than double the average rate in the Middle States, in Ohio, Illinois, Indiana, and

Michigan. This is no eleemosynary corporation, said General Freight Agent Mellen, at a meeting of the Board of Trade of Hartford, Connecticut, in the fall of 1895, and to make his meaning clear he said that it was perfectly just and reasonable to charge $60 for hauling a carload of peaches from Harlem River to Hartford, 110 miles (a whole freight train can be hauled the same distance for about $30); and with the same degree of reason he charges $60 for the haul of the peach-car to New Haven, 73 miles. A brick concern located on a side-track of this road about 2½ miles from Hartford needs slack coal in its business. Its value delivered on the cars at Meriden is $30 for a carload of twenty tons. The railroad demands seventy-five cents a ton, $15 for hauling this car 14 miles. The service would add to the expenses of the road perhaps fifteen cents. Again this same brick concern wants certain carloads of wood hauled from Hartford to its side-track. The Connecticut farmer gets $2.15 for growing, cutting, hauling, and loading this wood upon the car. The railroad demands seventy-five cents a cord for simply hauling the wood 2½ miles, a service that would hardly add to the expenses of the road five cents.

The passenger fares on the various lines of this consolidated road are, in most cases, nearly as high as they were in 1850, and, in some cases, consolidation has very much increased the fares.

On the main stem, the fare from New Haven to

New York to-day is one dollar and a half, the same as in 1849, but from most of the stations west of New Haven the fare for the round trip to New York is from ten to twenty cents higher. From Bridgeport the increase for the round trip is thirty cents, from Hartford ten cents. From Boston, the traveller of 1850, could make a trip to and fro New York, over the three or more short lines of the route *via* Springfield and New Haven, for one dollar less than to-day over the consolidated through line. The increased charge for the round trip from New York to Kent, over that in force in 1850, is thirty-six cents; to Falls Village, forty cents; to Great Barrington, one dollar and ten cents; to Lee, Lenox, Stockbridge and Pittsfield, one dollar and fifty cents, and yet the cost of running a railroad train, hauled by modern coal burning engines over the consolidated steel track of to-day is far less than it was over the short iron roads, with the slow, wood burning engines of 1850.

In speed, in accommodation, in ease and comfort of travel, the gain to the public from the improvements made in the railroads, in the last half century, has been wonderful, but, as I have shown, the transportation tax levied on the traveller to-day is very generally as high as it was at the commencement of the railroad era, and it is full half as high per mile as was the charge on the old stage lines, although the cost to the railroad, where the transportation tax is such that the people can use railway trains up to their capacity, is not a fiftieth as

much as by stage. In the transportation of freight there has been a considerable reduction from the cost by ox-cart, but there is no such thing as equality or uniformity or stability or certainty in the tax levied on freight; neither is there any such thing as equality of service. I shall also show later that freight taxes are vastly higher than they ought to be.

The evil of the situation lies right here. Under the mileage system of rates applied in local traffic, and the lack of any other rule for the determination of through rates than the will of the railway king, modified to some extent by the wills of other railway kings, the public are obliged to pay the actual value instead of the mere cost of the service rendered by the railways, and the difference, amounting in many cases to half and in some cases to the full value of the products transported, is taken by the railroads, which are thereby rapidly absorbing the greater part of the wealth of the country. In the spring of 1895, certain farmers of my acquaintance endeavored to make contracts with the railroads to carry their crops to market for half what they would sell for, but their propositions were laughed at. Having the power the railroad managers preferred to confiscate the entire proceeds. And this, as the following instances will prove, they actually accomplished. Saving names of persons and of places, the following are exact copies of original bills, relating to sales and freight on watermelons, made in the summer of 1895.

PHILADELPHIA, *July* 22, '95.

Sales by A. B., Commission Merchant in Fruit and Vegetables.

For account, J. K. G. of G., South Carolina, July 22.

Car 1389.

7/22	1109 melons at 12 cents.....		$133 08
	Freight.....	$122 05	
	Charges, Commissions	11 09	
			$133 14
	Due A. B. from farmer.....		06

PHILADELPHIA, *July* 26, '95.

one car No.—

July 25,	1250 melons at 9½ cents.....		$118 75
	Freight.....	$85 84	
	Commissions	11 88	
	Net proceeds.....	21 03	$118 75

The A. and B. Co.,

C——VILLE. *July* 27, '95.

Mr. J. K. G.,
G., South Carolina.

DEAR SIR :—

I enclose check for $53.00 net amount for car 15185

Sold for.....	$175 50	
Less freight.....	122 50	$53 00

Yours truly,

F. B. P.

Please observe that on the carload of melons, shipped to Philadelphia on the 22d of July, the freight was $122.05 and three days later the rate was reduced to $85.84; while on the car shipped July 27th to C——ville, Va., perhaps two thirds the distance to Philadelphla, the rate was the same as on the first car and nearly fifty per cent. more than the rate on the second car to Philadelphia. Note also that, at this very time, the rate on flour shipped from the North to the town of G., was but $40, while that on the melons sent to the North, perhaps in the same car, the same distance, and over the same roads, was more than three times as much. Mr. G. shipped eight carloads of melons in the summer of 1895, for the transportation of which the railroads exacted $1100, while Mr. G. received about $123 for raising the melons, hauling them from his farm to the station, and loading them on to the cars.

No wonder that he became disgusted with the business and turned over the rest of the crop to his stock. And my friend's experience was the same with regard to Irish potatoes; and "The worst of it is," he says, "there seems to be no hope of anything better."

A company of Connecticut peach growers have lately set out a peach orchard of some six hundred acres at Fort Valley, Georgia. In 1895 they shipped their first crop, of which some eighty-five cars came North. The railway charges were as follows: For icing, $90 per car to New York; $100 a car to

Hartford; for haulage, $174 per car for the haul of about 1000 miles from Fort Valley to New York, and $60 per car from New York to Hartford. It is safe to say that the haul from Fort Valley to Hartford did not cost the railroads anywhere near $60 per car.

The *Arena* of October, '95, tells the following story: "A carload of potatoes was shipped from Colorado to Chicago in the summer of '95, and, upon arrival at Chicago, the railroads confiscated the whole load, and went after the shipper for $28 more. A gardener shipped thirty cases of green peas from Texas to Chicago by express. The peas sold on the market for $22; the express charges were $26.50."

A short time ago, one of my friends had a book sent from Philadelphia to Titusville. He paid one dollar for the book, seventy-five cents for the expressage. A similar service performed by the German Post-office would cost twelve and one half cents.

Along in 1885, Daniel Buchanan went to the new State of Washington to see what were the prospects for settlement. Coming to the station known as Ritzville, on the Northern Pacific Road, he found the land in the vicinity well adapted to the raising of grain, and examining into the matter of transportation (for there is no use in raising grain unless one can get it to market), he ascertained that the rates to St. Paul from Washington points were forty cents a hundred. These rates

seemed to leave a reasonable margin for profit at the price asked for the land, and accordingly Mr. Buchanan bought two sections from the railroad company. It is to be noted that the value of the land was practically a matter of railway rates and of railway facilities. At the rates then charged, the land had some value, and Mr. Buchanan paid that value. Higher rates would mean practical confiscation not only of the land, but of all the improvements thereon. For three years the rates remained the same, and the production of grain along the road increased rapidly. Then, in 1888, in order to check production and to save itself the necessity of providing additional facilities for the transportation of the increasing produce, the company increased the rate on wheat to forty-five cents. But this did not sufficiently dampen the ardor of the farmers, and the next year the railroad raised the rate on wheat to fifty cents, and on barley to fifty-six cents, the total increase being twenty-five per cent. in the one case, and thirty-three and one third per cent. in the other. Mr. Buchanan appealed to the Interstate Commerce Commission. They decided that, under the law, the action of the railroad was perfectly justifiable. The increased rate was not unreasonable, and, since Mr. Buchanan had failed to secure from the railroad company at the time of his purchase an agreement not to increase rates in the future, he had no remedy.

In other words, under the law, a man may be

induced to purchase land of a railway by the offer of low rates, and when he is once located the rates may be raised so as to practically force the settler to give to the railway not only the original value of the land, but the value of his improvements, and the value of his labor for all the future. And people wonder why Western farmers fail to pay the interest on their mortgages!

We used to hear a great deal about the evils of Irish landlordism, but recent investigations prove that, both in Ireland and in America, the railway manager has more to do with the untoward conditions of life and of business than all other causes put together.

"The real rulers of Ireland," says a recent writer, "are the conference of representatives of the Irish Railway and Steamship lines.

"The traffic is managed without regard to public needs or convenience. The local rates are so exorbitant as to have stamped out several once flourishing industries and to have crippled those that remain."—"No idea exists save to put as heavy a toll as possible upon everybody and everything appearing at the station."

With a slight modification these statements apply admirably well to the condition of things in this country. The real rulers of the United States are the Joint Traffic Association. Already within the first brief year of its existence, this Association had gone far towards attaining its declared end of "strengthening rates everywhere." Freights on

east-bound products from California by the Sunset Route have been increased fifty per cent. The local rates, on beef on the hoof, on the Michigan Central, have been increased one hundred per cent. Excursion rates from the central passenger district to Niagara Falls are one hundred per cent. higher in 1896 than they were in 1895.

The Eastern railway and coal pool has made the price of stove coal at tide water for the summer of 1896, one dollar and thirty cents a ton higher than in the summer of 1895 and forty-five cents higher than the summer average for the past six years. (See *N. Y. Herald*, June 30, 1896.) And the Western railway and coal pool is doing in the West what the Eastern association has done in the East. And this increase in the charges for transportation has taken place in the face of enormous reductions, in the actual cost of doing the business, and at a time when the low value of products and of labor demanded that the advantages accruing from the improvements in transportation should be shared by the whole people. The prices of Western produce were never lower; the demand for Eastern manufactures was probably never more stagnant. Each needs the other's produce and the world needs the surplus of both, but the managers of our private systems of communication and transportation stand between each man and his customer, and allow the exchange of products and of services only on terms which amount to practical confiscation.[1]

[1] The prosperity of the West in 1897, sectional at best, cannot be permanent.

Even this might be endured if it were likely to result in any corresponding benefit to the masses of the stockholders in these public service corporations. It is probable, however, that as a rule the stockholders in these corporations will suffer with the general public. As long ago as 1888, Franklin B. Gowen of Pennsylvania, estimated that from $50,000,000 to $100,000,000 of the transportation taxes then exacted from the people by railroad managers were distributed annually among a few favored shippers, and "as a result of a personal examination made as an expert for stockholders," he declared that one of the great trunk lines had, in the previous twenty years, thus diverted to favorites of the managers $100,000,000 of the money belonging to the stockholders.

One of the most subtle methods by which railroad managers at once increase their profits, and, at the same time, without cost to themselves, purchase the support of the most powerful organs of public opinion, is by the issue of passes. The following testimony sworn to before the Interstate Commerce Commission, by the officers of the Boston & Maine three or four years ago, shows the prevailing practice in New England and presumably throughout the whole country. The persons to whom free transportation is given, are divided into ten classes.

Class I "includes sick, necessitous or indigent persons, in short all cases of charity strictly."

As to the particular sick, necessitous or indigent

persons upon whom the railway manager shall bestow these imperial favors, he is of course the sole judge. Whether clergymen are placed in this category or in Class X, which covers persons whose "good-will is of importance to the corporation," we are not informed. Special provision, however, was made in the Interstate Act (was it done by railway officials?) to enable the growing railway state to bring the church to its support by allowing "reduced rates to be given to ministers of religion," and we shall see later that no pains have been spared, by railway managers, to carry out this particular provision of law both as to its intent and as to its letter.

Class II "includes gentlemen long eminent in the public service."

A traveller on one of the Pullman cars bound for Washington, at the opening of the Fifty-fourth Congress, is reported to have said that he was the only person on the car who paid any fare. All the rest, "gentlemen in the public service," Congressmen, travelled free.

Class III is made up of "the proprietors of summer hotels and large boarding-houses, conformably to a practice which has long existed among all railroads in New England."

Class IV "includes wives of employees and other immediate members of employees' families."

Do the wives and children of engineers and firemen, of brakemen and trackmen, of conductors and station-masters, get free transportation over

our railroads? Not often, I think. It is far more probable that this class is intended to cover those railway employees who frequent legislative halls and the chambers of municipal councils. We have heard of such employees who, it is said, are not only provided with free transportation but are also paid thousands of dollars annually for their valuable services.

Class V "includes all agents of ice companies and all milk contractors doing business on the line of the Boston & Maine Railroad, or any part thereof extending between two states, said agents and contractors travelling on trains in the conduct of their business."

A word right here as to these milk contractors. It is a very common practice for railway managers to give to a single man or corporation the exclusive control of all the milk business on their lines and to refuse to farmers or other milk dealers, the transportation of their milk except through the agency of these favored individuals. Some of these milk agreements, moreover, are so very lucrative to the contractors that it is next to impossible to avoid the conclusion that the profits are shared with the individual railway official or the small group of officials responsible for the agreements.

In his brief (pages 33 and 38) in the case of The Milk Producers' Protective Association against the Delaware, Lackawanna & Western Railroad and others, tried in New York, in December, 1895, Joseph H. Choate, counsel for the petitioners,

shows that the milk contractor on the D., L. & W. R.R., receives twenty per cent. of the entire receipts of the road from its milk traffic, $6\frac{4}{10}$ cents on every forty-quart can of milk and ten cents on every forty-quart can of cream. Out of a total of $489,000 paid to this road for the transportation of 1,649,773 cans of milk and cream, in 1894, the contractor received $97,000. The counsel of the railroad, in their reply to Mr. Choate, (see pages 8 and 34 of their brief) admit that this contractor "practically controls the milk business on the line of the road because he has in his hands the dealers who take the supply"; and they further admit that his current expenses, in 1894, were but $45,000. His milk salary therefore for that year was $52,000, or $2000 more than the salary of the President of the United States. In 1895, he earned the same income from the same business in nine months that he had earned in 1894 in twelve months. Mr. Choate speaks of this money as "taken actually and absolutely out of the pockets of the stockholders." I prefer to look at it as a forced contribution from the farmers along the D., L. & W.'s lines and from the consumers of milk in New York City and its neighborhood. It is but fair to add that, of this $52,000 salary, the defendant's counsel estimate that $30,000 to $35,000 were invested in creameries, so that the contractor's clear pocket-money was only $19,000 for 1894, but as the materials of the creameries were carried free and as the creameries were to be sold for his ben-

efit, we may assume that they proved a very good investment for his surplus.

The evidence in this case seems to be conclusive that the rates charged, by the railroads west of the Hudson, on milk for the New York market, are two or three times higher than they would be on a cost of the service basis. The farmers work their farms, the railroads and railroad contractors take the farmers' legitimate profits. In addition to their other powers these contractors seem to have no small amount of influence in the distribution of passes.

Perhaps the most glaring instance of personal injustice brought to light in this trial was that of Messrs. Howell, Brothers, of Goshen, New York, by the Ontario & Western Railroad. Some time in 1890 or '91 these gentlemen established a creamery on this road, covering the two points of Hamden and Delancy, for the manufacture of cream from new milk by the centrifugal process. Fifteen cans of milk were concentrated into one can of cream and the consequent saving in transportation was immense. Things appeared to go on very well until the 26th of November, 1892, when the firm received the following letter:

"NEW YORK, ONTARIO, & WESTERN RAILROAD CO.
"November 26, 1892.

"*Howell, Bros., Goshen, New York.*

"GENTLEMEN:—

"Before you went on the Delhi Branch, we used to have the milk from Hamden and Delancy but I

regret, since you began operation, we have lost half the bulk of our revenue. In looking back I see that our receipts from these two stations were over $17,000 a year. In May, June, and July, 1892, your shipments were $355, $435, and $530 respectively. We have therefore determined to build two creameries, one at Hawley's and one at Delancy, and to put a New York milk dealer in possession and see if we cannot build up our milk business to what it formerly was. I trust you will appreciate our position in this matter. We do not, of course, want to do anything to hurt your business but, at the same time, we feel that this is one of the finest milk territories in the East and should be worked for all it is worth.

"J. C. ANDERSON,
"General Freight Agent."

This letter was followed by a proposition for an appraisal of Messrs. Howell's property by disinterested parties and by an agreement on the part of the railroad company to accept the appraiser's finding. This agreement, however, was no sooner made than it was broken by the railway company and Messrs. Howell were obliged to turn over their creamery to the railroad appointee at his own terms and at a heavy loss. Verily, Wm. H. Vanderbilt made a great mistake, in 1879, when he said, "The railroad corporation is organized primarily for the benefit of the State." He should have said, "The State exists simply for the rail-

road." But to return to the matter of passes issued by the Boston & Maine Railroad.

Class VI includes the higher officers of state, in the States of Maine, New Hampshire, Vermont, and Massachusetts and *certain prominent officers of the United States, like Collectors of Customs.*

Class VII includes the Railroad Commissioners of Maine, New Hampshire, Vermont, and Massachusetts.

Class VIII includes the members of the Railroad Committee, for the time being, of each of the legislatures of Maine, New Hampshire, Vermont, and Massachusetts.

Class IX includes persons who are trustees under mortgages on the property of the corporation who are entitled to inspect its property, by virtue of deed or indenture constituting them trustees.

Class X called complimentary, includes persons whose "*good-will*" *is important to the corporation and who*, so long as the practice remains what it now is, *might justly take offence if*, in the matter of free transportation, they were to receive from the Boston & Maine Road different treatment from that received from other railroads.

A very interesting schedule really, but lacking in one particular. The Boston & Maine Railway managers are not sufficiently pious. For real downright piety, one must go to the Pennsylvania Railroad and, in evidence of it, read the following reply reported to have been made by one of its officials to some carping critic who complains of

the worldly spirit of their clerical friends. The following quotation from the *New York Recorder*, published in *The Coming Nation* of Feb. 15, 1895, bears this significant title: "Why the Pulpit is Silent on the Subject of Railway Rates,—Shaping Public Opinion."

"The officers of the Pennsylvania Railroad system cannot understand the complaint which has been made by a neighbor in the business, that there has been a misuse of the clerical half rate. 'No road in the country has issued more of these tickets than ours,' said Assistant General Passenger Agent Boyd, 'and we have certainly had no cause to believe that our clerical friends have in any way misused their privileges. Last year (1894) we issued between 13,000 and 14,000 orders to clergymen on our lines east and west of Pittsburg.

"'We give them not only to ministers of the gospel, but also to missionaries and Salvation Army officers; but care is taken to see that only proper persons get them, and I guess in that fact lies the reason they do not get into the hands of unworthy persons. Clergymen, in their work of shaping public opinion and elevating the moral tone of the people, are certainly a most worthy class, and this corporation has always felt that liberal treatment accorded them would serve the double purpose of contributing to the good work, and of aiding a most worthy class of at least badly paid workers.'"

To those acquainted with the history of this corporation as set forth in the investigations of the

Hepburn Committee of the New York Legislature, and in the various investigations made by Congress, the high regard for public morals asserted in this reported statement seems infinitely absurd. There can be but one motive for the distribution of special railway privileges among those who shape public opinion, and whose "good-will" is therefore of importance to railway managers. No man whose life is consecrated to the advancement of the common welfare will, I believe, accept such favors when he once understands what is expected of him in return.

But the list of American privileged classes is not yet complete. It is especially provided by law that every railroad company may exchange passes or tickets with other railroads for their officers and employees. Not infrequently this has been interpreted to include their families, and now, "after a long and interesting agitation, representatives of the more prominent steamship lines are to have annual passes over the roads west of Chicago, parties to the Western Pass Agreement." Evidently the abatement of "the free pass nuisance," spoken of by Van Oss in his work on American railways, was but temporary. It seems more than probable that, as was the case ten or twelve years ago, so now, must "business men carry their annual."

"In the West at least one fifth of all passengers travel on free passes. Another regrettable usance is that railroad advertisements as a rule are paid for with tickets which are frequently sold."

As long ago as 1871, it was said that this deadening railway power cost the people of New Jersey at least ten millions a year, from the depression it caused to agriculture, while its effect upon the political morality of the State and upon its educational interests was to make New Jersey a synonym for sloth and backwardness in civilization. And in Pennsylvania, "in the coal regions, where their power is absolute, they have inaugurated a subjection of labor to capital which is unsurpassed anywhere in the civilized world. This region of country presents a social order which, in the degradation of labor and the supremacy of the employer surpasses even the worst results which slavery attained. The political influence, however, of these combined monopolies has been strong enough to oblige the General Government to station detachments of its troops, at its own expense, for the suppression of any discontent among the miners, should their ignorance and degradation lead to acts of violence."—*The Westminster Review*, January, 1871.

In December, 1872, an article appeared in the *Atlantic Monthly*, entitled: "The Fight of a Man with a Railroad." Some time in the early part of 1868, John A. Coleman, of Providence, R. I., purchased a ticket from Providence to New York via the New York, New Haven, & Hartford Railroad. Detained by business in New Haven until it was too late to continue his trip by rail, he made the rest of the journey by boat and, thus had his

coupon for the trip from New Haven to New York on his hands. No opportunity came for its use until June 11, 1868, when, being in New York, it occurred to Mr. Coleman that it might be available for his return trip. He accordingly presented the coupon to the guard stationed at the cars. The officer declared the ticket good for nothing, and ordered him not to board the train. Mr. Coleman then purchased a ticket to Providence via New Haven, and entered the cars, still determined, however, to use his idle coupon, if possible. The conductor, on being offered the ticket, said that it was good from New Haven to New York, but not for the reverse trip, and demanded another ticket of Mr. Coleman, adding that otherwise he would be put off the train at Stamford. On arrival at the Stamford station the conductor entered the car with five or six assistants, and pointing to Mr. Coleman, said: "This is the man, pull him out and put him on the platform." A struggle ensued, in which Mr. Coleman was struck several times on the head, and was finally thrown upon the platform. When he next reached Boston, he attached the Boston Express train, and brought suit in the Massachusetts Superior Court for $10,000 damages. The case was tried four times, and although in each of three out of four trials the jury gave to the plaintiff over $3,400 damages, it was not until the end of the fourth trial, and after a four years' contest that the corporation yielded.

In the long course of these various trials, one of

the influential persons connected with the corporation made the remark which stands at the head of the *Atlantic* article, and which ought, I think, to be engraven on the mind of every American citizen :—"The Road has no personal animosity against you, Mr. Coleman, *but you represent the public, and the Road is determined to make it so terrible for the public to fight it, right or wrong, that they will stop it. We are not going to be attacked in this way.*"

In 1877 there occurred the fearful riots at Pittsburgh, riots which, according to Van Oss, were directly traceable to the exercise of this *terrible railroad power* against the public welfare. He says that Pittsburgh, "being for many years dependent upon the Pennsylvania Railroad in its intercourse with the East, has probably suffered more from railway tyranny than any other city in the Union. It is generally known how favorably the city of natural gas is situated; so favorable, indeed, that in spite of adverse rates it has become the American Birmingham. Yet its iron and glass industries went through many a crisis which can be traced directly to railroad discriminations against its business. The riots of 1877, for instance, caused by a lockout, could have been averted if rates had been more favorable; it has been proven that in that case Pittsburgh industries could have worked for exportation, and that there was a sufficient profit on railway transportation to admit of a very substantial reduction of the tariffs."

If further evidence be wanting as to the character of this power, it has just been furnished by the investigations of Postmaster-General Wilson as to the carriage of the railway mails. Notwithstanding the enormous taxes levied upon the General Government by the railways for mail transportation, it appears that, for fifteen years past, railway managers have been accustomed not only to pay no postage on their own mail matter transported over their own lines, but also to carry one another's mails without making any return therefor to the Government. It is said that an average of about 300,000 pieces per month of this unpaid postal matter, some of them very bulky, pass through the Chicago railway mail exchange alone, and the most of them are letters which pass over other roads than those on which they originate. The editor of the *Railway Review* acknowledges that this is a plain infraction of law and, very curiously, uses it as an argument against the Government management of railways. The laxity of the Post-office department in not enforcing the law in respect to this business is a good illustration, he thinks, of what might be expected were our railways operated by the Government. But there is another way of looking at this matter. No ordinary Postmaster-General would venture to criticise the acts of this terrible power which has so often proved itself stronger than the Government. It is altogether possible that the enforcement of the law in this case will turn the present postal deficit into a handsome profit.

One further evil, and perhaps the greatest of all the evils incident to the private management of these public works, is the custom of giving away stocks and bonds (paper currency drawing interest), sometimes for nothing, sometimes for ten cents on the dollar, and then attempting, by means of high transportation taxes, to force the public to redeem these fraudulent paper issues in gold at one hundred cents on the dollar. According to Von Oss, (see his *American Railroads as Investments*, page 139) there were in existence of these stocks in 1892, some $4,650,000,000 of which only $465,000,000, and probably less, represented any real investment of capital. The balance, over $4,000,000,000, was simply the measure of the intent of railway managers to levy unnecessary taxes upon the people. "Hence shares now return," Von Oss says, "at least eighteen per cent. upon actual investment. True, those owning $1000 in shares receive but an average of $18 per annum upon them; but in the majority of cases shares cost the investor nothing." And as to bonds: "These bonds represent no par investment; the average price at which they reached the first investor probably did not exceed 77, no matter what somebody who buys them to-day pays for them." This adds some $1,500,000,000 more of paper issues representing little but fraud, but which it was and is intended, none the less, the public shall redeem at par in taxes paid in solid gold. All that has been said to the contrary notwithstanding, water emphatically begets a desire

on the part of railway managers to charge such rates as will pay returns upon fictitious capital. We see its hand in the recent rise in the price of anthracite coal.[1] The New York *Herald* of June 30, 1896, says: "All of the coal companies had yesterday fallen into line with an advance of twenty-five cents, making the price at tide-water, $4.10 per ton. This is $1.35 a ton above the level at which coal was sold a year ago, and is 45 cents a ton above the average, at this season, for the last six years." "The advance made yesterday," says another great New York daily, speaking of the same movement, "is equal to $12,000,000 a year exacted from consumers by the coal producers, whose trust is now working perfectly for the first time in six years."

As we read this story, we are forcibly reminded of the condition of things in France before the great Revolution, and the more so that almost every serious trouble that we have had in this country in the last thirty years has been due to the arbitrary acts of our railway kings, who in their rule have been as dictatorial, as unmerciful, and as capricious as were ever the old rulers of the French. Here, too, as in old France, we find a court with its privileged classes provided with practically free transportation over the king's highways, while the workers on the farm, in the mine, the forest, and the factory, tied by railway law to their

[1] This refers to 1896.

narrow homes, are compelled to work from year's end to year's end to provide for the privileges and the profits secured to these American royalties, as they claim, by the divine right of their charters.

In some cases, moreover, as for instance in Connecticut, the railway king, not satisfied with his ordinary revenue, is actually going back to the old French Corvée, and is compelling the people to work, without pay, on his highway improvements. Of this character is every dollar exacted from the people for the elimination of grade crossings. The city of Bridgeport is thus to contribute some $400,000 of the labor of its citizens for the improvement of the Consolidated Railway.

But our railway rulers do not rest even here. While calling to their aid all the power of the Government to compel their employees to run such mail trains as they may find convenient, railway managers change mail schedules and even take off mail trains altogether at their pleasure, and, in neither case, do these royal personages recognize the existence of the Government, except so far as to send to its officials the newly-printed timetables.

As long ago as November 26, 1887, Postmaster-General Vilas spoke of the relation of the Post-office to the railways in the following language: "The difficulties of solving this problem do not diminish with the lapse of time; they steadily in-

crease. The peril to the public is not lessened, but augments yearly. There must be legislation adapted to the conditions of the time, or this wretched system, with its inequalities, its injustice, unnecessary expenditure, irritating complications, and risk of signal disaster, must remain a reproach to the Department until some serious misfortune awakens decisive action. The statute is seriously defective in its omission to require and compel the service of the railroads in mail transportation. So far as the statute goes, it is at the mere option of these common carriers to serve the Government, and it illustrates the defect and evil of it to state that one road, the Old Colony Railroad Company of Massachusetts, *has notified the Department of its refusal to comply with the statute.* The managers of some of the New England roads have refused to furnish the space or apartment in a car necessary for the proper distribution of the mails, and, as a result, this branch of the service has been caused some embarrassment in that section, and the people living adjacent to such lines given just cause of complaint."[1]

And then, proceeding to outline the legislation needed for the common welfare, Mr. Vilas shows that it would be a very great benefit to the Government to own its postal cars. The 432 cars then in the service, 342 in ordinary use, 90 in reserve, could be bought, or their duplicates manu-

[1] Report of the Superintendent Railway Mail Service, November 11, 1887.

factured for $1,600,000, while the entire annual cost, embracing all necessary labor and ordinary repairs would not be over $720 for each of the 342 cars, in ordinary use, or $246,240, making a total of $1,846,240.

Yet for the mere use of these cars, including cleaning, etc., the Department was then paying $1,881,580 a year, and the amount demanded for the ensuing year was $2,000,000, this in addition to the eight cents a pound paid under the general item of transportation of the mails by railroads. On one line $59,037.75 was annually paid for the use of four cars that could be built and fully equipped in the best modern style for less than $17,500, and this in addition to the full weight pay for transportation, amounting in this case to $504,-573.69 annually. Mr. Vilas estimated that the purchase of its postal cars would save to the Government at least $1,500,000 a year, against which the only charge would be the cost of casualties. "It cannot be objected," he said, "that the Department is unable to assume the charge of these cars. The Department can easily discharge these functions. It might receive the custody of all the cars in the service and thenceforth care for them, on a month's notice. With moderate addition to its force, the railway mail-office can provide for the manufacture of all necessary. Whatever may be done by any private hands, may as well be done by the Department. Ownership by the Government of its postal cars cannot but much relieve the difficul-

ties of the compensation problem. But it will be indispensable, at the outset, whatever shall be attempted, to exert the rightful prerogative of Government and impose it, as an imperative duty, on all railway carriers, to accept and transport, at the compensation established by law and according to the statute and departmental regulations, all mails, mail supplies, postal clerks, and inspectors on duty, with sufficient sanctions to enforce compliance. Unless such legislation be provided, no success, upon any plan can be assured. The right to this acquiescence in the purposes of the Government is undeniable. The absence of means to compel acknowledgment by obedience constitutes a menace to the business of the country which ought not to continue."

And yet this menace still continues and the railroads continue to charge the Government for the annual rental of its travelling post-offices far more than it would cost to build them. In the last fifteen years, the Government has paid out for the use of these cars over $30,000,000, of which, according to the estimate made by Mr. Vilas, in 1887, $1,500,000 a year at least, or a total of full $22,500,000 has been absolutely wasted, and this in addition to the other millions paid out for so-called special facilities and for unnecessary steamship subsidies, to say nothing of the extravagant sums appropriated for ordinary railway mail-service. And yet the deficiency in the postal service is attributed to the cent a pound rate on

second-class matter. Unquestionably there will be a deficiency in the business of the Post-office so long as the Government pays the railroads eight cents a pound for doing only about half the service for which it receives one cent. But is it necessary to pay railway managers this enormous tax? Which is the Government of this country, the Congress of the United States or the members of the Joint Traffic Association, or is Congress but the agent of this railway association?

Certain of the trans-continental roads have been battling before the United States Courts for the last nine years for the legal right to carry foreign books, carpets, cutlery, etc., from New Orleans to San Francisco for eight tenths of a cent a pound and as we have seen, they have just gained their suit. Would these railroads have made the long fight for these rates if they had not been profitable? But if they can carry these foreign products across the continent for eight tenths of a cent a pound, then surely they can carry Government mail-bags, average hauls of 442 miles for very much less money. Five tenths of a cent a pound, ten dollars a ton would be a large payment for such a service. The probabilities are that with the Government ownership of postal cars, the business could be done at a very much lower rate. The conclusion of the whole matter seems to be that the real governing powers of a country are the powers that determine its public transportation taxes.

CHAPTER III.

DISTANCE A FALSE BASIS FOR THE DETERMINATION OF RAILWAY RATES.

THE evil in the present condition of the American railway world is almost as much in the principle on which transportation taxes (local taxes) are determined, as in the arbitrary power of the private corporations by whom these taxes are farmed. The ton-mile, passenger-mile basis of rates, says Mr. Haines, late president of the American Railway Association, is fallacious, misleading, untrue, and without practical value to the railway superintendent or railway manager. The local passenger rate is lost sight of when competition or commutation or excursions are to be considered, and the rate per ton-mile is the last thing thought of in making freight tariffs, and finally he concludes his notable address, delivered in New York, October 14, 1891, with the statement that he has sought to impress his audience with the absurdities of the ton-mile, passenger-mile basis of rates, and the injustice to railway managers of using such a basis for measuring their operations or criticising their management. It is but fair to add that, in this

address, Mr. Haines is discussing through traffic. We all know that, in local business, ton-miles and passenger-miles continue to be measured out with the greatest care and with the result that, instead of one uniform tax, for each class of service for all distances within a railway system, there are millions of different taxes levied even on single systems. It is said that there are thirty million different rates on the London and Northwestern Railway system of England.

This mileage system is followed not because there is any equity in it, not because distance measures the real cost of the conveyance of persons or of property by railway, but because it does fairly measure the cost by the old methods of transportation in vogue before the invention of the railway—the cost of transportation on foot or on horseback—and because it thus enables the railway manager to so guage his non-competitive rates that the people will find it just a little cheaper and a little quicker, just a little more convenient, and a little more comfortable, to travel by train than to walk or to hitch up their teams. A more effective means for exacting all the traffic will bear and for keeping the districts through which the railways pass in their original human burden-bearer and ox-team condition could not be devised. Our local railway tariffs are usually from fifty to seventy-five per cent. higher than their through tariffs, and they are accompanied by a correspondingly poorer service. One of the friends of the New York, New Haven,

& Hartford Railway Company testified before the Railway Committee of the Connecticut Legislature, in the winter of 1895, that he could wish for no greater punishment for the managers of that road in the next world than to be obliged to travel continually on their own accommodation trains.

But there is another evil connected with this mileage system of rates that is also worthy of the most thoughtful consideration. The longer the track between stations, the more the miles to be taxed to local traffic. The possible profit to be extorted from this traffic by running trains over long and crooked lines, leads to a waste of capital at the outset, by encouraging the construction of unnecessary mileage in the building of new roads, and to a perpetual waste of time and of labor in the operation of the roads, by discouraging the cutting out of unnecessary miles in old lines.

The mileage taxes levied on the way traffic of the New York Central bring in a revenue so much beyond the cost of running the trains that the company could not afford to allow their road to be shortened by several miles, even if the work was done at the expense of the State. They would lose an opportunity to levy unnecessary taxes upon way travel alone, amounting to at least forty cents a train-mile for every mile of track cut out of their main line. The fifty way travellers on the average passenger train on the main line not only pay a profit of forty cents a train-mile on the cost of their own transportation, but also pay the entire cost of

the transportation of the fifty through passengers on the train. And this business of taxing way traffic is ordinarily so profitable that, according to the highest railway authority, it is rather worse than money thrown away for any average road to spend money in shortening its line. The only class of road that can afford to shorten its lines is that on which there is a great through business and very little way traffic. A large non-competitive business alone may entirely neutralize the pecuniary value to the company of saving distance.[1]

Bearing in mind these facts, it is almost amusing to recall the lament of Mr. Depew over the decay of the small towns and the ruin of the small dealers in the districts through which the railroads run, and the concentration of business in the hands of a few great dealers at those terminals. The real wonder is that, under the present condition of things, any kind of business in which transportation plays an important part continues to be done anywhere except at the terminals, and that any business can exist except it be in the hands of a trust big enough to meet the railway king on equal terms.

Verily, if these be the results of determining transportation taxes according to distance, then there can be no doubt as to the soundness of the conclusion "that as a matter of purely public policy —that is to say, if the interests of the railways were identical with the interests of the community as a

[1] A. M. Wellington's *Economic Theory of Railway Location*, pp. 234–236.

whole,—railway rates would be the same for all distances." [1]

But this mileage system of railway rates is not only opposed to the public interest; it is equally opposed to the real interests of those who have built the railroads, and it is also opposed to common sense and to right reason. "For, since the real service rendered is the transportation of persons and property from one terminus to another, the precise length of track should have no more effect upon the price paid than the precise amount of curvature, or the rise and fall, and much less than the rate of the ruling grades; all should be considered or none should be.

"Not one single item of railway expenditure, large or small, not even fuel or wear and tear of wheels, varies in direct ratio to distance, or in anything like direct ratio, and more than one half of them are not a whit affected thereby. Grades, curvatures, cost of construction, terminal expenses, volume of traffic, whether the cars return full or empty, all these have much more to do with the cost of service than the mere distance transported." [2]

It is estimated that it costs thirty per cent. more to haul a train over a continuous 11′-30′ curve, one mile long, than over a mile of tangent. The same engine will not haul half as heavy a load on a twenty-six feet grade as on a level; on a fifty-two feet grade, about a fourth as much; on an eighty

[1] Wellington, p. 197.
[2] Wellington.

feet grade, about one fifth, and on a grade of one hundred and five feet, a light American engine will hardly draw an eighth of its level load, and the heaviest engine hardly one sixth. The mere stopping and starting of a train running thirty miles an hour, wastes power enough to haul it two miles, and the cost of the stop of the average train is estimated at about forty cents. In extreme cases—such as the Manhattan Elevated Road of New York, where there are stations nearly every three eighths of a mile, three fourths of the coal consumed and one fourth of the time occupied, is due to stops. It is said that even on express trains one fourth of the time between termini is thus lost. The New York Limited loses fifty-five minutes in its eight regular stops between New York and Chicago, and Wellington says that, including slowing up through towns and yards, stops at crossings, etc., it loses not less than three hours out of twenty-four. With most fast trains the loss of time due to these causes would be twice as much.

Even the cost of the road itself is not proportioned to distance. A single mile of tunnel, or through a crowded city, often costs more than a score of miles in the open country. Some roads, moreover, have more miles of siding at stations than of main track between. Thus the New York Central and Lake Shore Roads, in 1893, had 1090 miles of siding, 962 of main line; the Erie, 557 miles of siding, 460 of main line, etc. The cost of the terminals at New York is estimated at $35,000,-

000—enough to build 1000 miles of main line at $35,000 a mile—and yet these terminals are said to be smaller in extent and less expensive per head than at most important cities, and very much smaller than at some of them. The annual terminal expenses at New York are estimated at $10,000,000, and to meet them there is a fixed terminal charge of four or five cents per 100 pounds, or from 20 to 25 per cent. of the entire charge from Chicago to New York. Twenty-eight per cent. of the locomotives in service in the State of New York are switching engines, and it is estimated that over one fifth of the motive power of the entire railway service is expended in switching, and this independent of the switching of regular trains in transit.

Thus, with every step of our investigations, the absurdity of the idea that distance is an important factor in the cost of railway traffic becomes more and more apparent. It is a very small factor even in the cost of the movement of railway trains. What folly to pretend that railway managers have any right to use it as a means for subjecting the movements of persons and of property on the railways to their wills. Were railway charters granted in order to enable the public to receive the utmost possible benefit from this greatest of all inventions, or was it intended that railway fares and freight rates should always be measured out according to the cost of conveyance by human burden-bearers and by ox-teams, or even by stage-coach?

The essential facts to be considered in the railway business are as follows :—When once a railroad is built, trains must run and it makes very little difference in the cost of the business whether the cars go full or empty, or whether a locomotive runs alone or with a long and heavily laden train behind it ; neither does it make a measurable difference in the cost, whether a part of the train-load is left at one station or at another. Are the rates so high that only a royal personage can purchase a ticket ! Then that single individual must bear the entire expense of the train that carries him. On the other hand, are the rates so low that a hundred persons can avail themselves of the opportunity to travel, then each traveller will be obliged to pay but a hundredth part of the cost of the train, and that cost will be increased only by the interest and wear and tear of one additional car during the trip. The expense of moving the train will be practically the same in either case, and it will hardly make a whit difference whether one passenger or all the passengers leave the train, at the first station at which it stops, or go through to the end of the journey. "When once a train has started from Boston to San Francisco, there is not a man living can tell the difference, in the cost of running that train, whether a passenger gets off at the first station out of Boston, or goes through to the Golden Gate. At every station some passengers will leave the train, others will take their places. One traveller, in a thousand perhaps, will

go the whole journey. There will always be room for him."

The fastest through train in the country, in its trip of a thousand miles from New York to Chicago, makes, on an average, one stop in every 125 miles, and the principle which is applicable on the slowest way-train, is equally applicable here. The cost of carrying a traveller who goes but 125 miles is practically the same as that of the traveller who goes the full thousand miles. The short-distance traveller who occupies a seat at the beginning of the journey prevents the occupation of his seat by a through traveller, and there is a fair chance that as a result of his short occupation his seat may remain empty for the rest of the trip.

It is possible that the presence of a half dozen short-distance travellers at the opening of a trip of the New York Limited Express, may cause the haulage of an additional car not only for 125 miles, but for the whole thousand miles, and that with very few passengers. The train is run for the accommodation of all its occupants, wherever they board it and wherever they leave it, and all should pay the same *short-distance* tax.

The cost of railway transportation per ton and per passenger is in inverse proportion to the number of tons and of passengers transported upon a railway system, regardless of the distance they are carried. It is said that if an English locomotive runs with a load of fifty tons behind it, it consumes twenty pounds of coal per mile ; when it is hauling

600 tons, it burns perhaps sixty pounds, so that between no load at all and a long and heavily laden train the variation in locomotive expenses is only the cost of forty pounds of coal per mile, say six cents (six cents per mile for the haulage of eighteen cars each weighing with its load thirty tons). Mr. Wellington estimates that the addition of thirty tons dead weight (and live weight is no heavier than dead weight) to a train of five cars will not increase the cost for coal, in this country, over one cent a mile, and since all the passengers that can be squeezed into five cars will not weigh thirty tons, it therefore follows that the variation in the haulage cost of a five-car train carrying 300 or 400 passengers and an empty five-car train is but one cent a mile.

Professor Hadley says that on any line where a good canal can run, a railroad can handle a net train-load of 600 tons, at a direct expense for fuel, trainmen, and train repairs (that is for expenses due to distance) of not over forty cents, and sometimes as low as thirty cents a mile, or one twentieth to one fifteenth of a cent a mile per ton. In other words, the cost of the *average haul of the country, 126 miles,* in train-loads of 600 tons, on such roads as the New York Central, is *not over seven to nine cents a ton,* and with loads up to the capacity of our large locomotives (1800 tons or more, on the New York Central) the cost per ton and per passenger due to distance is even less than these figures.

Taking the entire expenses of an eight-car

passenger train, on the New York, New Haven & Hartford Railroad main line, at $1.00 a mile (the cost of the average passenger train on that road for the year ending June 30, 1893, was less than ninety-eight cents a mile), the total cost for a 100-mile trip, is $100, or less than twenty cents for each of its 520 seats, for the whole distance. The average trip of the traveller on this road, however, is but 17.04 miles, so that the average train empties itself five and eight-tenth times on a 100-mile journey, and therefore the actual seating capacity of an eight car way-train on such a trip is over 3000, and the cost of each seat for the average ride of 17.04 miles, some of the travellers going the whole distance, others but from one station to the next, is less than three and one third cents, and even if the train is but half filled, the cost per passenger per trip is but seven cents. But the modern locomotive can haul a twelve-car train on this road at almost the same speed that it can haul eight cars, and with an additional expense, including extra brakemen, and use of the extra cars, of certainly less than $15.00 for the 100-mile trip, and these cars will afford accommodation for 1500 more passengers, for the average 17-mile ride, at a cost to the railroad of less than one cent for each seat.

These figures are astonishing enough, but the following statement made by the conservative William M. Acworth, the highest railway authority in England, goes far beyond my estimates. Mr. Ac-

worth says that if a passenger who would otherwise have staid at home, were induced to go from London to Glasgow, by the offer of a first-class ticket for three-pence (six cents), the company would, unless indeed there was no first-class seat available on the train, secure a net profit of two and three-quarter pence (five and one-half cents) for, the remaining farthing (one half a cent) is an ample allowance for the cost of haulage. The exact figures, in detail, are as follows: For coal, three sixteenths of a penny, the remaining one sixteenth of a penny is more than sufficient to pay for the extra oil, and stores, and water consumed, making a total of one fourth of an English penny or one half of an American cent. Add, say, another half a cent for the wear and tear of the seat and you have one cent. Up to the capacity of the railway trains of a country, the cost of the additional passengers who could be induced to travel by low fares, would not be over one cent for a distance of 410 miles.[1]

Taking the average American train, at two cars, (sixty-five seats in a car) its forty-four occupants, in 1895, could have taken eighty-six friends along with them, for a 410-mile ride, at an additional expense, *to the railroads*, of eighty-six cents. If there were three cars in the average train of 1895, the 151 vacant seats could have been occupied, during such a journey, at a cost to the railroads of $1.51.

The world will realize, some day, the truth of

[1] See "Taxes on Transport," *Nineteenth Century Magazine*, January, 1892.

the statement made in 1849 by Mr. Palfrey with reference to the Post-office, namely, *that in business of such a character, the cost of running the machinery is practically the same whatever be the volume of the traffic.* This truth is, indeed, most wonderfully exemplified in the railroad experience of many different countries during the last twenty-five years.

The following is from my article, "Equality of Opportunity—How Can We Secure It?" in the *Arena* of December, 1895 :

"In 1881, the third-class fares on the East India Railway were reduced from about three fourths of a cent to half a cent a mile, and 'From the very first the effect of the reduced fare was clearly seen, not only in the increased numbers and in the slow but steady increase of receipts, but also in the manifest advantage which it gave to good's traffic, in facilitating the movements of smaller traders.'

"In 1892, the net earnings of this road, with fares of but two and a half pies (five twelfths of a cent) a mile, were nine and sixty-two hundredths per cent. on its capital. The Madras road has lately adopted a rate of two pies (about one third of a cent) a mile, and with very encouraging results. It is believed that for the carriage of food, —grains, minerals, and the lowest class of passengers, the Indian rates are the lowest in the world. 'At the same time,' says Horace Bell, the consulting engineer of the State railways of India, 'it is by no means to be assumed that rates and fares have reached their lowest remunerative level. In-

deed, there is every reason to believe that, in the class of goods above mentioned, and in third-class passengers, further reductions are to be made in the near future, and on sufficiently profitable conditions.

"'The statistics of the railways which serve the poor and populous districts point to the certainty that, with large numbers (and large numbers always follow low fares), low speeds, and properly fitted vehicles, passengers could be carried at one pie (one sixth of a cent) a mile, and leave a profit of 20 to 30 per cent.; the cost of carriage (per ton of freight and per passenger) is a quantity varying with the volume of traffic, and it may be found that an even lower rate is possible.'" (Mr. Bell puts the value of the pie at one twelfth of an English penny, one sixth of a cent.)

And high speed, up to the capacity of a locomotive for hauling its load, is far more profitable than low speed, for the higher the speed of the trains, the greater the possible use of the whole equipment. The cost of the extra fuel and water required is hardly worth considering in comparison with the extra service which the trainmen and trains are thus enabled to render. "Twenty-five years ago," says J. M. McConnell, Superintendent of motive power on the Union Pacific Road, "with a schedule of twenty-two miles an hour, it would have been considered an impossibility for an engine to haul ten cars on a schedule of forty miles an hour, yet it is now done every day and

these (modern) engines maintain a speed of fifty-five miles an hour between stations, with ten cars. In 1894, it cost the Union Pacific Road $1,040,000 less to haul their freight cars than it did, comparing the same number, in 1890—all due to the increased service of locomotives and to no other cause." The average train-load of this road increased from 15.86 cars in 1890 to 21.88 cars in 1895, and this increase of load was attended by a decrease of locomotive expenses from 26.45 cents a mile to 25.03 cents, and by a consequent decrease in the cost of hauling a loaded freight car from 3.17 cents a mile in 1890 to 2.01 cents in 1895. The cost per mile of hauling freight cars on the Soo Line in 1895 was but one cent. In other words the actual cost of distance in the handling of freight on the Soo Line, in carloads of twenty tons, in 1895, was but six and three-tenths cents per ton for the average haul of the United States, 126 miles. The secret of low cost of railway traffic is, large train-loads moved quickly to their destination and trains kept in constant use.[1]

The lowest average load of the passenger trains of the Indian roads is over 126. The Madras road carries more than 260 in its average train, and the Bengal, Northwestern, & Tirhoot road more than 290. With average passenger trips of ten miles (the average trip on the Providence & Worcester road of Massachusetts is but 8.39 miles, and on the New York & New England it is but 11.84 miles),

[1] *Railway Review*, for 1896, pp. 32, 116, and 173.

the trains of the New York Central would empty themselves, on an average, ten times in a 100-mile journey, and with average loads of 300, these trains, at five-cent fares (one half a cent a mile for the average trip) would earn $150 in a 100-mile journey, or $1.50 a train mile. An average train-load of two hundred would yield $1.00 a mile and this, with twenty cents a mile from express and mail matter, would bring the earnings up to $1.20 against the actual earnings of the average passenger trains of this road, for the year ending June 30, 1894, of less than $1.19 per mile. And Mr. McConnell's experience teaches us that such trains might be hauled at even less cost than the present trains.

In thinly settled Russia, under the new tariff of December, 1894, the third-class fare for short distances, .666 of a mile to 106.8 miles, is but little over three fourths of a cent a mile, and for longer distances the fares are still lower. A passenger can travel 106 miles for eighty-one cents, and 464 miles, or farther than from New York to Buffalo, for $2.32. For a trip of 1989 miles, the fare is but $5.95, and our Consul at St. Petersburgh says that, if travel increases, as it has increased under previous reductions of fares, there is every reason to believe that these low rates will not only be a great benefit to the Russian people, but will also prove profitable to the railways.

Special workingmen's trains have been running for many years on the railroads of Belgium, on

which it is possible to buy weekly tickets to and from their work, six days in a week.

3	miles	from	their	homes	for	21	cents	a	week.
6	"	"	"	"	"	27	"	"	"
12	"	"	"	"	"	37	"	"	"
18	"	"	"	"	"	41	"	"	"
24	"	"	"	"	"	45	"	"	"
36	"	"	"	"	"	53	"	"	"
42	"	"	"	"	"	57	"	"	"

Consul Wilson of Brussels, in his report of 1883, earnestly advocated the running of such trains on our roads, saying that these trains had enabled vast numbers of workingmen to live, at more moderate rates, outside the dense centres of industry where they were employed, while at the same time, they largely increased the profits of the roads. So well satisfied are the Belgian authorities with their policy of running their railroads for the encouragement of the material industries of the country and for the convenience of the public, rather than for the payment of large dividends, that some two years ago, they commenced selling passenger tickets good for fifteen days for any distance over the entire system of government roads, some 2500 miles, at the following rates :

50	francs	or	$10.00	for	a first-class ticket.
38	"	"	7.60	" "	second-class ticket.
25	"	"	5.00	" "	third-class ticket.

" The effect of the liberal railway policy of Bel-

guim has been to make it a most attractive country for working people. Although one of the most thickly settled districts in the world, the immigration into Belguim, since the inauguration of her progressive railway policy has steadily exceeded the emigration.

"Side by side with the state administration of the Belgian roads and the successive reduction of rates and fares, Belgium has developed a degree of prosperity unequalled by any other nation of similar population and resources in the world. On the other hand, Ireland, suffering under a system of transportation taxes levied by private corporations who care nothing for the districts through which the railroads pass, is to-day one of the most backward countries on the face of the earth. The result of the present system is that rates (railway rates) prevent the development of local resources —that existing industries are strangled and that profits are devoured by transit charges. There is a constant reiteration of the same class of evidence, pointing to works closed, mills stopped, undertakings abandoned, and a decrease of native production, all of which is assigned sometimes partially and sometimes wholly to the railway system. It is probable that agriculture suffers most but all industries are crushed while no attempt can be made to establish any industry. Enterprise can take no root in the country. The coal and mineral rates prohibit inland manufactures." [1]

[1] Charles Waring, *State Ownership of Railways.*

The same experience follows the same policy everywhere. Transport taxes high, uncertain, unstable, discourage trade and paralyze industry; on the other hand, transport taxes low, certain, stable, always encourage trade and stimulate industry. The people always respond, almost at a moment's notice, to the opportunities which low transport taxes secure to them.

"During one of the trunk line wars, the passenger rates on all the lines between San Francisco and Chicago were reduced from $120 to $15. The result was that the big passenger coaches, having a capacity of sixty persons, ran full all the time, instead of three fourths empty, and the railroads received for their haul, about 2600 miles, $900 per car, whereas the rate for a carload of cattle, for any such haul, would, at the most, have been but $220. 'This low rate, I am told,' says Moreton Frewin, 'was actually found profitable to the roads *and it stimulated enormously* the general through business. The Chicago drygoods and other houses trebled their drummers, and every intervening point, like Omaha, Denver, Salt Lake, etc., recognized at once a great development of local enterprises."

The railroads of to-day would find $5 a passenger, or $300 a car, a wonderfully profitable business for such a trip. It is indeed probable that the cattle rate of $220 a car would provide an ample income to the transcontinental roads, if it were applied to human beings for the trip from

San Francisco to Chicago. Humanity, unlike cattle, load and unload, and take care of themselves; the haul of the cattle car and of the passenger car costs practically the same; if there be any difference in favor of the cattle car, that difference—including the increased cost due to the interest and the repairs of the more expensive passenger car—is far more than made up by the greater use of equipment made possible by the greater speed of the passenger train.

We have seen that a ten-car passenger train is capable of making a schedule of forty miles an hour; then such a train can certainly make the ordinary thirty-mile schedule of the transcontinental roads, and can haul six hundred passengers from the lakes to the Golden Gate in less than eighty-seven hours, earning in that interval, at five dollars a passenger, $3000 or $1.15 a train mile from its passengers alone. Add twenty cents a train-mile from mail and express transportation, a low estimate, and you have a total of $1.35 a mile, five cents more than the average earnings of the New York Central in 1890, and fifteen cents more than those trains earned in 1894. At $3.50 a passenger, about $220 a car, such trains would earn, on a Chicago to San Francisco trip, as much per mile as the average passenger trains of the country earned in 1894, and twelve-car trains would earn vastly more. These calculations are based on the expectation that all the travellers in these trains would take the through trip, but this seldom happens. I doubt if

the average trip, even on such trains, would be over three hundred miles, in which case a fifty-cent fare, per trip, would enable a car to earn far more than $220, in the journey from the lakes to the Pacific. Would not Omaha, Denver, Salt Lake, and all the other towns along the transcontinental lines recognize a mighty development of enterprise under such conditions? And then suppose these low passenger rates to be accompanied by similar low, uniform, stable freight rates, and suppose these rates to be accompanied by a vastly improved service, what would not be the development of this country under such government railway management?

The possibilities in this direction have been admirably exemplified in the following cases:

"More than thirty years ago there was a contest between the South Eastern and the Great Western Railways of England, for the London and Reading traffic, that lasted a year and a half. The distance on the South Eastern is sixty-seven miles, and the company carried passengers the round trip 134 miles, by every train, for seventy-five cents, first-class, and fifty cents, second-class; and at the half-yearly meetings the chairman of the company said that the company had lost nothing by the low fares. They paid the same dividends, and they were very well satisfied to go on. Nevertheless, the South Eastern and the Great Western were charging, on one part of their lines, about ten times as much as they were charging on other parts, and on those parts where they were carrying lowest, their profits amounted to

about two hundred and fifty per cent. on the cost of conveyance by each train.

"The most remarkable case of this character, however, that ever happened in Great Britain, previous to 1865," says William Galt, "was the result of a sudden reduction of fares on the Edinburgh and Glasgow line, some ten years earlier, to about one-eighth of the ordinary charge. This was the result of a quarrel with the Caledonian company. The Edinburgh and Glasgow line is forty-six miles in length, and the regular fares for the three classes respectively, were eight, six, and four shillings; these were suddenly reduced to one shilling, ninepence, and sixpence (twenty-five, eighteen, and twelve cents for a forty-six mile trip).

"The Caledonian, of course, followed suit, carrying at the same fares. For a year and a half this contest continued, to the great satisfaction, no doubt, of those two great Scotch cities, but to the serious injury of the stockholders."

"Those of the Edinburgh and Glasgow line received one per cent.; of the Caledonia, one-half per cent. less dividends."

Even in that far-away time, it was proved, by the testimony of the chairman of the Eastern Counties Railway, that coal could be transported from Peterborough to London, seventy-six miles, for twenty-five cents a ton, and the total cost of running a freight train, carrying 190 tons of coal, was less than fourteen pence (twenty-eight cents) a mile, this including the train's share in keeping up

the permanent way and of general management and office expenses.

But recent experience in this country affords, perhaps, the best evidence as to the possibilities of railway service.

On the 8th of August, 1895, three excursion trains were run over the Cleveland, Canton and Southern Railroad from Zanesville, Ohio, to Cleveland and return, 286 miles, for seventy-five cents the round trip, less than three-tenths of a cent a mile. Each of these trains consisted of ten cars, carrying 700 passengers. The receipts, therefore, amounted to $525 per train trip, $1.835 per train mile; fully seventy-five per cent. more than the earnings of the average passenger train of the country, and ten per cent. more than the earnings of the average train of the New York, New Haven and Hartford Railroad in 1890, when it was paying ten per cent. dividends.

These trains made about the same speed as the regular trains, and at very little more cost. They had the same number of hands, and on the round trip each consumed about twenty tons of coal at a cost of, perhaps, ten cents a passenger. Granting the cost to have been fifty per cent. more than its regular trains, $0.4719 per train-mile, in 1893, the cost to the railroad was but little over one-tenth of a cent a mile per passenger, or less than thirty cents for the whole trip, and the profit on each passenger was over one hundred and fifty per cent.

As to freight, the *Railroad Gazette* tells us that,

at times, during the summer of 1895, the New York Central and Hudson River Railroad hauled grain from Buffalo to New York, 440 miles, for 3.96 cents a hundred pounds, less than eighty cents a ton, and these low rates, resulting in train-loads of 1800 tons, sixty cars of thirty tons each, earned for the road over $3.24 a train-mile, or more than double the average earnings per freight-train mile of the country, $1.55744, in 1894, and far more than the earnings per mile of its own average freight train. It is safe to say that, even now, grain can be transported from Buffalo to New York over the New York Central and Hudson River Road for fifty cents a ton at a very handsome profit; 1800 tons at fifty cents a ton equals $900. The cost of running the average freight train on this road, in 1893, was $1.38654 per mile, and for 440 miles, $610.08, leaving a profit on trains of 1800 tons, at fifty cents a ton, of nearly three hundred dollars per train trip.

But if this be true now, what will not be possible with the new locomotives of Mr. Westinghouse, which promise to do the same amount of work as the present engines, with but one-eighth the amount of fuel? It is further to be noted that the simple addition of air-brakes and block signals to the New York Central has nearly doubled the capacity of its freight equipment, while it has decreased the number of brakemen employed on its through trains by fully one-third. Note too the statement of the editor of the *Bond Record* of February, 1896,

that the pooling of railway business by the Joint Traffic Association has already reduced the expenses of some of the companies from $100,000 to $150,000 a year in the small item of switching charges alone. We may also study the statistics of the Consolidated road of Connecticut in this connection with great advantage, and, turning to these statistics, we discover that the average tonnage of its freight trains of 1892 and of 1893 might be almost doubled without adding a single pound to the weight of the train, and without adding one cent to the cost of freight transportation. Taking the average weight of a freight car at 10½ tons, the average trains of 1892 and 1893 consisted of about 290 tons of cars and 110 tons of freight, total 400 tons; in 1895, of 225 tons of cars and 143.28 tons of freight, total about 369 tons. The 21.48 car-train of 1895 carried on an average 33 tons more freight than the 27.6 car-train of 1892 and 1893, and yet one-fourth of the cars of 1895 ran empty and the loaded cars carried less than half their capacity. If the rates were so low that the people could use the facilities offered, it would be easy to carry the average load of the train of 1895 up to 175 tons, and the cost of haulage, the distance factor in transportation, would not be a cent more than for the 27.6 car-trains of 1893 with their 290 tons of cars and 110 tons of freight.

If the additional 64 tons were made up of goods in bulk, products loaded and unloaded by

shippers and consignees, there would be no increased cost for handling. These trains, indeed, could easily haul 400 tons with scarcely any more expense than at present, and with such average train-loads this Consolidated road would receive a far higher net income from a uniform, stable tax of fifty cents a ton, regardless both of distance and of classification, than it now receives from its 143-ton trains with an average tax of $1.23087 per ton.

If rules were adopted making freight bills payable in advance, say by postage stamps, and limiting the time for loading and unloading cars to twelve hours [milk trains are unloaded and loaded at Jersey City in less than eight hours, while in New England the demurrage limit for the unloading and loading of a freight car is eight days], I think I am safe in saying that the freight equipment of the country would be fully quadrupled in its capacity for service, with the result that we might probably have a uniform grouped rate for the whole country of fifty cents a ton regardless of classification, and this fifty cent uniform, stable rate would prove far more profitable than the present average freight rate of the country, of about $1.00 per ton per haul,[1] made up, as it is, of hundreds of millions of different rates, determined not on any settled principle, but, as the editor of the *Railway Review* says, "on guesswork, modified by a comparison," and that comparison always in favor of the biggest dealer. The statement of H. T. Newcomb in the *North American Review* of

[1] This refers to 1894.

July, 1896, that the average freight car of this country now does little over twelve full days' work in the course of a year, goes far in the support of these conclusions. With a reasonable system of classification it would seem possible to reduce the transportation tax on coal and products of its class to twenty-five cents per ton per haul.

As to the low cost at which freight can be handled in small packages, English experience, both past and present, furnishes us most valuable information. As long ago as 1859, there was much parcels delivery in England by private carriers, at rates of from one to two cents a pound. Parcels under seven pounds were carried upwards of seventy miles for twelve cents, and parcels under twenty-eight pounds, thirty-nine miles for sixteen cents. In 1889, an English clergyman, Henry P. Dunster, published an article in the *Nineteenth Century Magazine*, in which, after showing how English railway discriminations, in favor of foreign agricultural products as against native products, injured English agriculture, he proposed the extension of the service of the Post-office to cover general produce, at a rate of sixpence for packages up to fourteen pounds in weight, ninepence for twenty-eight pounds, and one shilling for fifty-six pounds. "However," he says, "a uniform charge of sixpence for all packages up to fifty-six pounds would be a greater boon, and I feel persuaded that when the service is in full working order this low charge would be found sufficient to cover expenses

and leave a profit. If the Great Eastern Railway can carry three-gallon cans of salt water, in weight, I apprehend, much exceeding fifty-six pounds each, over their entire system, delivering these cans within a large area in London and elsewhere, and collect all 'empties,' at a uniform charge of sixpence, is it too much to expect that the Post-office can manage the same weight at the same cost? For such a service as is here suggested, small farmers and their customers would be brought close together. Farm produce would be cheaper to the consumers and more remunerative to the growers; both would be fairly treated. The poor who had gardens in the country would be able to send away the fruit and vegetables which they had to spare to relieve the wants of others of their own families who live in cities and crowded districts where fresh fruits and vegetables are seldom seen."

And then Mr. Dunster proceeds to suggest the manufacture of package cases of such size and shape as would accommodate both the consignor of such products and the carrier. These suggestions fell, for the time, on dull ears, but to-day they are bringing forth fruit. The railroad managers of England are, at last, waking up to the fact that their power is in danger. Public ownership is in the air, and to meet the demand for it, and if possible to prolong their rule, we find the Great Eastern Railway leading off in what is perhaps the most important railroad innovation of the century.

In January of this year, 1896, this road, extending over more than a thousand miles of territory, inaugurated an agricultural parcels post, with the following uniform rates, regardless of distance: Packages under 20 pounds, 8 cents; 20 to 25 pounds, 10 cents; 25 to 30 pounds, 12 cents; and so on up to 60 pounds, for which the charge is one shilling or 25 cents, the charges to be prepaid and the products to be packed in boxes of a certain shape furnished by the railroad at the following prices: 20-pound size, for 3 cents; 35-pound, for 6 cents, and 60-pounds for 10 cents.

The object in furnishing the boxes is twofold: first to have the products in shape convenient for handling and packing in the cars, and, second, to put an end to the handling of returned "empties." And the Great Eastern Railway proposes not only to carry these packages at these rates between any two of its non-competitive stations, *and on passenger trains*, but it will also, and without further charge, deliver such packages at the consignee's domicile, although this will involve a haul by wagon, from its terminals, of anywhere from one to eight miles.

That this movement of the English railways (for the other roads are following the lead of the Great Eastern) will check the demand for Government ownership of the railways, I doubt; but, in any case, it shows what English railway managers believe to be possible in the way of reducing rates, and in the way of public service, and more than

this, it is a great advance towards the adoption of a uniform standard rate, regardless of distance, within the whole English railway system; it is one more acknowledgment of the axiomatic truth that the postal principle is the natural law for the determination of railway rates. (By the way, almost the last word that comes to us from England is the following query from the Colliery *Guardian:* "Shall British iron and steel and other heavy industries be sacrificed on the altar of railway monopoly?")

Evidently the actual cost of the transportation of persons and of property by railway is a very small item. It is not easy however to realize that the cost of a long through trip and of a short way journey is practically the same, and yet the longest journey in a railway system may cost less than the shortest.

In the first place, the through locomotive hauls a much heavier train than the way locomotive, and the through car generally carries a larger load. Albert J. Fink makes the average load of the through freight car three times that of the way car. Through trains have been run, in some instances from Chicago to New York over the high-grade Pennsylvania road, with forty and forty-five full loaded cars of thirty tons each, that is to say with net loads of 1200 and 1350 tons, and we have seen that, in 1895, trains of sixty cars of thirty tons each, 1800 tons in all, were hauled from Buffalo to New York over the New York Central. The

average number of cars in the Consolidated freight train of Connecticut, in 1895, was but 21.48, of which 5.51 cars ran empty and the rest carried on an average less than nine tons and only 143.28 tons in all. The through train also runs much faster than the way train. Instead of spending time and fuel in stops, the through locomotive occupies itself with making miles between its distant terminals. Some of our through freights make over 300 miles, and we have one or two passenger trains that make 1000 miles a day. It is doubtful if the way freight makes 75 miles a day, and even the way passenger train will probably average less than 100 miles. The way train must make three or four trips in order to do the amount of business performed by the through train in one trip.

But the average passenger trip and the average haul of freight will always be short. If railway transportation were altogether free, even then the world would not go flying, neither would any part of the world be flooded with the products of any other. Under the best of circumstances, the average trip of the railway traveller of the United States will be hardly more than 25 or 30 miles. The masses of mankind must always labor for their bread; they can seldom spend time to go more than an hour's journey from their homes. Their places of labor and of trade, their schools and their pleasure resorts, must always be near at hand. The great bulk of the freight busi-

ness too must always consist in the exchange of products between neighbors. The special purpose, indeed, for which railroads are built is the development of local traffic. "The through business," says Mr. Fink, "is but a mere incident of a road. The main stay of a road is or ought to be local traffic. The local traffic of the Pennsylvania (one of the greatest of the through lines) from 1881 to 1885 was ten times its through traffic, and of the two the local traffic continues to increase much the more rapidly." From the report of the Interstate Commerce Commission of 1893, it appears that of 531,183,988 passenger trips taken on the railroads of this country in 1892, only 153,741 extended across the continent—less than one in 3500.

Less than 1,000,000 tons of freight passed between Pacfiic Coast points and points on or east of the Missouri River, in the year January, 1891, to February, 1892, while the total freight handled by the railroads in the year ending June 30, 1891, was 676,608,385 tons. As a mere incident of railway business then, the through traffic ought to have very little influence in determining our general railway policy. Granting, however, to through railway traffic its greatest possible importance, even then the tax levied for any particular class of service should be no greater for the longest haul in a railway system than for the shortest, for the cost in each case is practically the same.

The question arises, if the preceding statements

be true, how happens it that our private railway managers do not adopt the policy suggested? How happens it that railway managers never voluntarily reduce rates? The answer to this question is given in the rather cynical language of the editor of the *Railway Gazette*, in his issue of June 5, 1896. Commenting upon the refusal of the managers of the Joint Traffic Association to approve certain proposed excursions from Cleveland to Niagara Falls, he says: "We surmise that one reason for the action of the *managers is the feeling that the roads can make just as much money at a little higher rate*," and the result is a hundred per cent. higher rate for 1896 than for 1895. In the same line, note the statement of the *Journal of Commerce* of New York of March 16, 1896, that one of the direct results of the Presidents' Joint Traffic Association which now rules traffic affairs with an iron hand, is to be the abandonment of two cent mileage tickets.

Writing in 1892, Van Oss says that the transportation taxes levied by the Southern Pacific Railroad on the people of California were then so great that California grapes could not compete east of the Mississippi with those brought all the way from Spain, while oranges and other fruits were less marketable than they would be at lower rates. Nearly all fruit was dried or canned and shipped round the Horn to New York, whence it was sent by rail to inland points, the journey of 15,000 miles being frequently cheaper than the one of 2400.

The price of a passenger ticket from Portland to San Francisco, six hundred miles, was $37.50, over six cents a mile. And the people were robbed of their time as well as of their money. "The S. P. trains have no competitors and hence pay little regard to speed; even express trains take things easy, and one wonders what the local service is like." Los Angeles is some four hundred miles south of San Francisco. The S. P. trains, running at about the rate of seventeen miles an hour, take twenty-four hours to cover this distance, as against eight or nine hours for a similar service in the East. This in 1892. To-day the ton-mile, passenger-mile taxes levied by the king of California upon his subjects seem to be at a point altogether beyond "what the traffic will bear." The people are going back to horse teams for the movement of their produce. The *Railway Gazette* of May 15, 1896, says that a large cargo of wool was recently carried from Fresno to San Francisco, two hundred miles, by wagon. The teamster was eight days on the way with his six-horse team, and yet he saved twenty-five per cent. on the rates charged by the S. P. Railroad. He took a large load of freight on his return trip.

Returning once more to the East we see an illustration of the absorption of the property of the people by railway magnates in the case of Jersey City. Of the 10,325 acres of land in that municipality, it is said that the railroads own 1185. Of

a total valuation of property in the city of $80,000,000, $22,500,000 are owned by railroads, and this does not include the passenger depots, which are valued at $10,000,000. Thus $32,500,000 of ratables are taken out of a total of $80,000,000, leaving the other $47,500,000 to bear almost all the burdens of the maintenance of the municipality.

The condition of things in this country resulting from the "what the traffic will bear" system of levying taxes upon transportation and communication by private individuals, is certainly grave, but recent events have proved that the people are not yet powerless. New York has already entered upon the enlargement of the Erie canal as a means of saving its industries from railway rapacity. Several of the States have passed laws compelling the railroads to carry bicycles free. Like straws floating upon the surface of a stream, these events indicate the direction of the current. A study of the following table, taken from Poor's *Manual* of 1897, will, I trust, at once strengthen the volume of this growing current of public opinion and accelerate its velocity.

YEAR.	Ave. Train-load, No. Passengers.	Ave. Earnings per Train-mile.	Ave. Passenger Trip.	Ave. Passenger Tax, per Trip.
		Cents.	*Miles.*	*Cents.*
1892	41.93	90.62	23.59	50.99
1893	44.25	91.70	25.09	53.00
1894	41.72	84.47	23.87	48.34
1895	38.66	79.99	23.88	49.25
1896	35.67	78.58	24.38	49.58

Poor's figures differ somewhat from those of the Interstate Commission, but they convey the same lesson.

The avowed policy of the New Haven Road—to tie the workman to the soil, not to allow him to work in one town and to live in another town—this is the prevailing policy of the railway managers of the United States, and to this end we find, nailed upon the walls of the average passenger railroad station, the following proclamation:

The regular transport tax levied on this road for an hour's journey to and fro a man's job and his home is $1. (On some roads it is $1.50; on other roads, $2.) The object of this tax is to prohibit the use of this road to all individuals who, like the average Massachusetts farmer, earn but one dollar a day.[1]

And the tax has its intended results. It debars the use of the railroads to the masses of the people; it also, in a vast number of cases, debars stockholders in railroads from expected dividends. Prohibitory rates prohibit profits.

"Certainly of the lines west of Chicago, and probably (with one exception) of the lines west of Buffalo and Pittsburgh, there is not a single road but what conducts its passenger business at a loss." —("Railroading under Existing Conditions," *R. R. Review*, December 18, 1897.)

[1] *Yale Review*, May, 1897, page 64.

CHAPTER IV.

THE COST OF SERVICE PRINCIPLE AND ITS APPLICATION TO PUBLIC TRANSPORTATION, UNDER THE CONTROL OF THE POST-OFFICE.

"AN ideal system of transportation," says E. Porter Alexander, formerly one of the leading railway managers of the South, "would be one in which each shipper might sit quietly in his office and contract to deliver freight at any town in the United States, by referring to a printed tariff which would show rates as uniform as the rates of postage and not exorbitant in amount."

And, in his address before the Congressional Committee, already referred to, describing what the New York Central and the Pennsylvania roads *will do*, when their power has been extended over the whole country, Mr. Depew says: "Then the strong lines will say to the weak lines: 'We will see that you get your percentage; we will transfer enough of the entire consignable freight from our lines to yours to bring up your percentage, to enable you to support yourselves. If we cannot do that, we will make a money pool and will transfer sufficient money into your treasuries to support

you.' Then when the great combination comes along and wants special privileges, we will say: 'No, we have no privileges to grant; there is our tariff published in our office, published in our freight depots and in our passenger stations. It is like *a government postage stamp; every*body knows what it is. And so far as the carriers of this country are concerned, every man is treated alike. That is the ideal position toward which you have been legislating; that is what you have sought to accomplish.'"

Now what are the characteristics of the postage stamp?

First. The postage stamp carries its parcel to its destination, whether the distance be one mile or 3500.

Second. Every man pays the same price for his stamps, whether he buys one stamp or 10,000.

Third. The postage stamp is intended to represent the cost of the service rendered; it is sold by the government, and the revenues derived therefrom are distributed by government officials.

Once give to railway tariffs the characteristics of the postage stamp, and we shall arrive at the ideal position toward which we have been legislating. As yet, however, we have taken but a very short step in this direction. The Interstate Act, as its name implies, left each of our railway kings in complete control of his own particular kingdom —that is to say, in control of the local traffic of the districts through which the railways pass, while the

tariffs levied on the borders of their respective kingdoms remained subject to such terms of peace or war as the different potentates might agree upon.

The fourth section of the Act, the long and short haul section, made distance the prime factor in the determination of rates at non-competitive points, and allowed it to be altogether disregarded between places not similarly situated.

The Commission has decided that, under this section, it is lawful for railway managers to carry products for persons living at great terminals for one-half the rates levied upon those living at intermediate stations. Thus, in the noted Readville case, the railways were allowed to charge eighteen cents a hundred pounds on flour from New York to Readville, while the tax from New York to Boston, eight miles further on, was but nine cents. Boston and other terminals, favored by nature with their location on the ocean, the lakes, and on navigable rivers, are thus, by law, given this further artificial advantage of receiving their supplies and sending off their products at half the rates levied upon the intervening country. The result is to leave the country between terminals almost as badly off, so far as the cost of movement is concerned, as before the railways were built. The local rates levied by the railways in these cases are, indeed, only just enough below the actual cost of conveyance on foot or on horseback, by wagon or by ox-cart, to keep the people from reverting to these original methods of transportation.

Distance, as I have said before, measures very accurately the cost of the old forms of private conveyance, and, by using distance for the determination of local rates, railway managers are very successful in keeping the districts between terminals in the same condition in which the railways found them.

In many cases these intervening districts are, in fact, worse off than they were in the olden time, for they ran in debt to build the railroads only to see their local enterprises and their brightest men driven away by railway discriminations in favor of the terminals.

But the height of absurdity in this business was reached when the majority of the Supreme Court of the United States decided that it was lawful for American railway managers to charge three or four times as much for the transportation of goods from American workshops to their American customers as was charged for the transportation of similar goods from Europe to the same customers.[1] This decision not only tends to nullify our customs legislation ; it almost compels the American manufacturer, who would continue to supply the American market, to move his plant to Europe or Asia.

Evidently it would be a great step in advance to so amend the Interstate Act that the tax for the shortest haul, the tax representing the cost of the average service, should be the uniform, standard tax for all hauls.

[1] See Texas and Pacific case.

Finally, the Interstate Act forbids pooling. Instead of looking at the railroads as the great circulating system of the country, each line existing for the development of its particular territory, and all working together for the harmonious growth of the whole, the Interstate Act regards each road as somehow the competitor of every other. The idea seems to me as ridiculous as it would be to regard the arteries and veins of the human body as competitors; the arteries as competitors of the veins, and each artery and vein as the competitor of every other. It is no wonder that Mr. Depew styles this giant piece of legislation a mere skeleton.

Yet it is something to have a skeleton, for we may clothe it with flesh and blood and breathe into it the breath of life.

The solution of the railroad problem involves both our industrial and our political liberties. It is as essential to our common welfare to-day that the regulation of railroad tariffs should be taken from our various railroad governments, and that the revenues therefrom should be pooled under the direction of the general Government, as it was to the common welfare of our ancestors, in 1789, that the regulation of the customs tariff should be taken from the different States, and that the revenue arising therefrom should be taken under the control of the same central power.

We are no longer a mere confederation of independent States or of independent railroad provinces, but a great nation of individuals, indissolubly

bound together, and the strongest ties that unite us are those of friendly and of commercial intercourse; that intercourse, moreover, is almost entirely dependent upon the railways which, from their birth, have been our great post-roads and, as such, have always been subject to the eighth section of the first article of our national Constitution. For many years the Post-office has handled the commerce in paper-covered books, both within states and across state boundaries. If it is within the limits of the Constitution for the Postal Department to undertake this branch of transportation, then it is equally constitutional to extend the sphere of the Post-office to cover the entire business of public transportation.

The Interstate Act requires a new baptism and a new name, and the new Act may well be called "An Act for the Establishment of a National and an International Freight and Passenger Post."

This scheme does not necessitate the immediate ownership of the railways by the Government; it is not absolutely essential for its success that the Government should own one dollar's worth of railway property. Its adoption, however, will make it very desirable that the Government should own the car-equipment of the country, and it is probable that the bonds issued for this purpose could be paid for in a very brief period out of the ordinary revenues; this, too, after paying the railroads most handsomely for the haulage of the cars and for other services.

The 7,937 (in round numbers 8000) postal, baggage, and express cars in the United States could be paid for in two or three years, even in one year, out of the annual taxes now levied upon the people for the transportation of the mails and of express matter, and this after allowing the railroads a very liberal amount for the haulage of these cars.

This equipment is certainly not worth over $2500 per car (the baggage and express cars of New York State are only valued at $1500 per car), and, at this rate, the 8000 cars would come to.....	$20,000,000
The interest on this amount, at 3½ per cent, is.....	700,000
Allowing $720 a year for the care and repair of the average car (the amount estimated by Mr. Vilas for postal cars, in his report of 1887), we have.....	5,760,000

The Fitchburg Railroad of Massachusetts furnishes its milk contractors with cars, heated in winter, for $5730 per car per year.

The Boston and Maine Road taxes its milk contractors but $3000 per year per car.

The cost of hauling a freight car on the Soo Railroad, in 1895, was but one cent a mile, at which rate the cost of hauling one of these cars on a passenger train, 300 miles a

day, would be $3.00, or $1095 a year.		
But even allowing the railroads $5000 a year, for the mere haulage of the average baggage, express and postal car, the cost to the Government would be only...		40,000,000
Making a total of.....		$46,460,000
The people paid the railroads, for the transportation of mail and express matter, in the year 1894, however, as follows:		
For the carriage of the mails.....	$30,094,957	
For express service....	23,035,300	
Total.....		$53,130,257
This shows a difference in favor of the government ownership of postal, baggage, and express equipment, *per year* of.....		$6,670,257

At $3000 a year, per car, for haulage, the annual saving to the people would be $22,670,257, or $2,670,257 more than enough to pay for the entire equipment in a single year.

Even if the railroads were allowed the exorbitant rate of $5000 a year per car for haulage, the Government would require but three years' savings to purchase this entire equipment, while having at the same time the entire control of the property and

carrying baggage absolutely free, or at a charge only high enough to pay for the wages of the baggage-masters for handling it, a charge which might be distributed over all the baggage handled or which could be easily met by a small charge on extra baggage as at present. Where railway lines pass through a thinly settled country, the ordinary mail-agent would be able in many cases to attend to the whole business of handling mail bags, trunks, and express matter.

The Government ownership of our baggage, express, and postal cars would secure to the United States the cheapest letter, parcels, and baggage post in the world.

As to postal cars, it is quite as important that the Government should own these traveling post-offices, these wooden mail-bags, as that it should own its leather mail-bags. Almost every great business concern in the country finds it necessary to own its cars to-day, and surely the Government, the greatest business corporation of them all, should at least own its postal cars.

The common welfare unquestionably demands that the general government should both own and operate the railways, and the change from private to public ownership cannot come too soon. The result would be not only no increase but a large decrease in the interest account of the country, while there would be an end forever of those issues of fraudulent railway paper currency (over four thousand million dollars in 1892) which are con-

tinually increasing both the interest and the principal of our national obligations. The scheme would simply require the exchange of government stock—bonds or consols payable at the will of the government, and bearing perhaps two and one half per cent. interest—for railway securities drawing anywhere from one to twenty per cent. In 1892, according to Van Oss, the people of the United States were taxed, *on the average*, eighteen per cent. on the actual capital represented by railway shares, and 4.36 per cent. on the real capital invested in railway bonds. It may by said that the fraudulent issues of 1892 have been wiped out of existence in the last four years, but the subjects of the New York Central are still paying interest on stock that is more than one-half water, and the returns of the Interstate Commerce Commission show that the old shares and bonds of bankrupt roads have been frequently replaced by new issues having little other basis for credit than the possible power of railway managers to raise these *securities* from the value of the paper on which they are written up to par in solid gold by unnecessary taxes wrung from the common people. The speculators of 1896 have, moreover, this advantage over those of 1892 : The Joint Traffic Association of New York seems to have secured wellnigh absolute control not only of the railways, but of the National and State governments, and its power to levy taxes for the payment of interest on these fictitious issues seems to be practically illimitable. The protection

of innocent speculators in stocks seems to be a special function of our courts.

"The anthracite roads combined in 1896 with the purpose of adding some $40,000,000 a year to the cost of anthracite coal consumed by the people of the United States; it was expected that the bituminous roads would pile a similar extra burden upon their constituents. How much the poor suffered during the winter of 1896–97 from high-priced fuel will never be known. How many coal miners, anxious to work, starved through lack of employment, will also remain a riddle. This, however, is known. In the summer of 1897, a large number of coal miners, goaded to desperation, rose in a great strike against their oppressors. But the strike ended as such movements usually end, with the practical discomfiture of the strikers. They gained, perhaps, a promise of higher wages, but a score of poor, ignorant men were shot, and the whole community suffered heavy loss. The place to strike is at the ballot-box; the thing to strike for is 'The control of the National Highways by the National Government.'" I have just alluded to speculators in railway stocks and bonds. The case against the speculators in produce and their associates, is well stated in an article entitled "Railways Manufacturing Anarchists," in *The Republican*, of Springfield, Massachusetts, of August 2, 1896.

"Are the western farmers anarchists?" asks *The Republican;* "then, according to President A. B. Stickney, of the Chicago Great Western railroad,

they have reason to become so, and the railroads have been largely responsible. Testifying before the Interstate Commerce Commission, in a recent investigation which, he claimed, certain other roads had brought on, in the hope of catching him engaged in unlawful practices, President Stickney turned upon the accusing attorneys, and said : . . . 'You charge the Kansas and Nebraska farmer thirteen cents to haul his grain two hundred miles. You charge the grain dealer six cents to haul that same grain twice as far to Chicago. I tell you it is that kind of business that is making anarchists west of the Missouri River. Here is the trouble. I have been acquainted with this northwestern country for thirty-five years. In all that time there has never been a year that the corn crop was moved until after the corn was in the hands of dealers who had the rate. Once the farmer is compelled to sell his grain, then you fellows cut the rate for the dealer. There is in Kansas, this year, 240,000,000 bushels of corn. Not over 25,000,000 has been moved so far this year. The farmer, the small dealer, has not the rate. He is compelled to sell, and then you fellows make the rate for the purchasers, and then the corn moves.' That is to say," continues *The Republican*, "the railroads beyond the Missouri River make to the farmer, for carrying his grain to the Missouri River dealer, what rate they please. They make a mileage rate four times as high as is charged the dealer for moving the grain over the competitive distances between the Missouri River

and Chicago. They play in with the dealers and against the farmers, and they further freeze out small shippers from the Missouri River by making secret rates in favor of the large ones."

And the railroads have been doing this for many years, building up the strong at the expense of the weak, and doing more than all other causes put together probably to promote concentration of great wealth in few hands. Well may the editor conclude that the proposition for the public ownership of railways is far from being as anarchistic as that for a continuation of private management within the limits of the present lawlessness.

Happily the protection of the taxpayer from the lawless raids of the tax farmer does not require that the government should take immediate possession of the entire property of the railways. It is, however, essential, I think, to our continued existence as a free people, that the government should, without delay, secure absolute control of railway trains ; the taxes levied for the support of the railways, post-roads, should be determined on the postal principle and should be collected and distributed by government officials. In other words, the entire business of public transportation should be pooled under the management of the Post-office.

In the proposed reform of our transportation taxes it will probably be found advisable, at the beginning, to follow the example of Sir Rowland Hill in his reform of the old English postal system, and to adopt, as the uniform rate for each class of ser-

vice for all distances, the lowest rate now charged for the shortest distance for that class of service. In some cases, however, as for instance in the transportation of milk, it will be possible to commence with a uniform rate much lower than the lowest rate now charged for the shortest distance, a rate for milk perhaps as low as ten cents for a forty quart can. Even a ten cent rate would secure to a car carrying but two hundred cans, earnings of $20 a day, or $6260 per year of 313 days, or $7300 including Sundays. The average cost of the service of transporting milk, regardless of differences of distance up to 330 miles, on the Erie, the Ontario and Western, the Lehigh and Hudson, and the Susquehanna Railroads, in 1894, was less than eight cents a can. The tax, however, was fifty cents for a forty-quart can of cream, and thirty-two cents a forty-quart can of milk.[1]

This postal principle, this cost of the service principle, is applicable to railway traffic, either under the present system of railway management or under government control of railways or under government ownership. It may be applied within State limits by acts of our different State Legislatures. It would work miracles in human advancement, whether it were adopted on the railroads of Belgium, which are the property of the Belgian people, or on the post-roads of the United States,

[1] See brief of Joseph H. Choate, in the Milk Case tried in New York before the Interstate Commerce Commission, in December, 1895, pp. 3, 102.

which are farmed by joint-stock companies, but not until applied under the national government can any country reap its full benefits. It will indeed reach its full fruition only under some scheme which shall embrace all the governments of the earth in one great International Transportation Union.

There is nothing new in this project, neither is it based on mere theory. It is said that Napoleon III. conceived the idea of extending the sphere of the Post-office to cover the general railway business of France. A similar scheme was advocated in England some fifty years ago by William Galt, and again, about twenty years later, by A. J. Williams, and by Raphael Brandon. It has been recently taken up by Charles Waring, who proposes a uniform rate of four shillings (one dollar) a ton per haul for ordinary merchandise, and one shilling (twenty-five cents) a ton for minerals on the railways of England, Scotland, and Wales, and for Ireland a merchandise rate of eighty-three cents a ton, and twenty-five cents for minerals. The thought was suggested to me some years ago by C. N. Yeomans, then manager of the New Haven and Northampton road of Connecticut; the idea has evidently found lodgment in the fertile brains of Mr. Depew and Mr. Alexander. "To the consumer," says A. J. Grierson, Manager of the Great Western Railway of England, "the ideally perfect state of things would be a tariff for the conveyance of merchandise based on the same principle as

the 'Penny Post.' Commodities would be conveyed at a low price, and producers over an immense area would be able to send them to market. To the consumer it would be in every way desirable that all disadvantages of distance or geographical advantages should disappear."

Our express and telegraph companies have long applied this postal principle, in a limited degree, to their business. A parcel sent from New Haven to Birmingham, Alabama, costs thirty cents; the charge on the same parcel from New Haven to New York is twenty-five cents. The express companies are carrying certain publications issued by our state governments at a uniform rate throughout the whole country, and it is an interesting fact that the express rates are always just a little lower than the rates which the Post-office levies. The U. S. postage on a Massachusetts Railroad Report, is thirteen cents; the express on the same book from Boston to New Haven, Conn., is twelve cents.

The postal principle has been almost universally adopted on horse-car lines, cable roads, and electric tramways. It is the foundation of the prosperity of the elevated railways in our great cities. The following facts will prove, moreover, that legislation to secure the general grouping of stations with uniform rates regardless of distance, within a state or within the limits of a nation, would only be the enactment into law of what is already a very common custom and a rapidly growing custom, and

I would suggest that most of our legislation that is of real value is based on custom. Law is, indeed, little more than crystallized custom.

The grouping of stations with a uniform rate has been customary from the first in the milk business of the principal railway lines bringing milk to New York City. On the milk trains of the New York, Ontario and Western, the Erie, and the Susquehanna railways which, in 1887, carried nearly one-half the milk consumed in New York, the rates during that year were the same within zones of 21 to 183 miles, on the Erie; 56 to 262 miles on the Ontario and Western, and 29 to 84 miles, on the Susquehanna. About that time, certain Orange County farmers living nearer the metropolis than some of their competitors, brought suit before the Interstate Commerce Commission to compel these railways to adjust their milk rates according to distance, claiming that the uniform rate deprived them of the natural advantage of their location and was therefore contrary to law. The Commission decided, however, in favor of the grouped rate, saying, "It has served the people well. It tends to promote consumption and to stimulate production. It is not apparent how any other system could be devised that would present results equally useful or more just. To subdivide the rate according to distance, or even to introduce a system of shorter grouping of rates, would necessarily compel a new system of receiving, delivering, and accounting, would cause great inconvenience to carriers and dealers, would

impede the rapid and reliable management of the traffic, would restrict the extent of the territory required for future public demands, and apparently would not, in the slightest degree, benefit the complainants. It (the Commission) is moreover impressed with the belief that the present system is, upon the whole, the best that can be devised for the general good of all engaged in the traffic."

In October, 1895, the milk producers of Orange County again brought suit against the railways before the Interstate Commerce Commission, on the same plea, adding, however, the complaint that the uniform rate was too high. The decision of the Commission in this last trial which it was my privilege to attend, has not yet been given to the public, but the testimony, while showing that the milk zone has widened full fifty per cent. in seven years and now covers distances up to 330 miles, sustained the former decision at all points, and that decision must, I believe, be confirmed.[1] It is a curious fact that in this trial the representatives of the railways were to be seen pleading for the common grouped rate, and the strongest witness in its favor was George R. Blanchard, formerly Vice-President of the Erie, and now one of the officials of the Joint Traffic Association. When asked by Commissioner Knapp, "If it is to the advantage of the railway companies and of the consumers of milk to have a uniform rate up to 330 miles, why not up to 1000"? Mr. Blanchard's reply was, "I know of no reason." But Messrs. Rogers, Locke and Milburn, the lead-

[1] Decided against uniform rate. See Preface.

ing counsel of the defendant railways in this case, go even farther than Mr. Blanchard, for they say, "The distance (within which the rate should be uniform) need only be limited by the length of time required to make it with the train and meet the wants of the New York market with milk not affected by its transportation." In other words, if milk can be brought from San Francisco to New York in good condition, then the milk rate should be the same for all distances between San Francisco and New York, and for this reason, "because of the fact that the expense incident to the mere length of haul is so small in comparison with the other necessary charges when taken into connection with the special service. The cost of train operation is not appreciably more whether there be 200 cans in a car or 160 cans in a car or 10 cans in a car. The same crew, the same messengers and organization and the same terminal service would have to be maintained whether the can be carried from Binghamton or not, or from Sussex County or not, and the cost of the delivery of the can at the Hoboken terminal is in no real sense dependent upon the length of its haul."[1]

Our railway friends, moveover, do not rest with the mere statement of these fundamental truths. The fact that distance costs practically nothing in the transportation of persons and of property by railway; the fact that, all things being taken into consideration, the cost of the service is the same

[1] See Defendant's Brief, page 11.

for the shortest haul as for the longest, is acknowledged by the acts of railway managers not only in this milk case but in thousands of other instances. The grouping of stations with a uniform rate regardless of differences of distance is widely applied even now, and it is rapidly growing. It is very common in the coal regions. The entire Hocking Valley is grouped. Large coal districts in Illinois, Wisconsin, and other western states enjoy a uniform rate. The coal rates are the same for all stations within a radius of forty miles of Pittsburgh. Potatoes are given the same rates from the different stations on the lines and branch lines of the New York, Philadelphia, and Norfolk road, within limits of two hundred miles. In the Delaware peninsula, the rates on grain, flour, and other similar pruducts, are extensively grouped. The coal rates are the same on the Northampton division of the Consolidated Railroad of Connecticut, for all stations between Mt. Carmel, nine miles from New Haven and Westfield, some sixty miles. All the stations on the Consolidated railway system, the New York and New England, the Boston and Maine, and the Vermont Valley roads, are in one great group in relation to their through business with the Lehigh Valley system which is divided into eleven groups. All, or nearly all, the hundreds of railroad stations in New England south of Portland, Maine, are included in the group known as Boston Points, from each of which the rates are the same, on the same class of goods, to all the stations in even large

groups in the South and West. In transcontinental traffic, all the Pacific Coast terminals from Tacoma and Seattle, in Washington on the north, to San Diego, California, in the south, are in one group from which the rates are, in general, uniform on similar goods to all stations in each of the six great groups into which the territory of the United States east of the Missouri River is divided. The rates on oranges have been and probably are now the same from Los Angeles to all stations east of the Mississippi River, the same to Chicago, 2265 miles, and to New York, 3180 miles.

The custom of giving large groups of stations a uniform rate on similar products in through business, has, indeed, become almost universal in this country and, as I have shown, it is not uncommon in local traffic. Milk, oranges, potatoes, grain, coal, petroleum, passengers, are transported today, in numberless instances, on our American railways at the same rates between stations varying in distance from one another and from the starting point from a score of miles to a thousand.

In January, 1894, the Canadian Pacific road sold passenger tickets at the same rate (forty dollars, first-class, and thirty dollars second-class) from St. Paul, Minnesota, to Vancouver, 1660 miles; to Portland, 1920 miles, and to San Francisco, 2760 miles. Several of the cities of New England are grouped as to passenger rates to yet larger groups of cities in the south, although the difference of distance between the cities in these groups amounts

to fifty or sixty miles in the north, and to several hundred in the south.

Nor is the grouping of stations confined to the United States. The English rates on tin plates are the same to Liverpool from Camarthen, on the west, and from Monmouth on the east, though the distances vary from 160 to 206 miles. The milk rates on the Great Western Railway of England are the same for distances of from ten miles to one hundred, and we have seen that all the noncompetitive stations on the Great Eastern Railway, covering a district of over a thousand miles, have just been grouped for parcels up to twenty pounds at eight cents, and from twenty to twenty-five pounds at ten cents, and this by passenger trains. The stations in the coal regions are very commonly grouped both in England and on the Continent. In Germany, the same charges are made from coal stations to Bremen and to Hamburg, although the latter is seventy-one miles further off than the former.

In 1889, Hungary made certain radical changes in its system of passenger transportation, and especially in two particulars. First, the government adopted a system of neighborhood tariffs making the rates between any two adjacent stations the same, regardless of differences of distance—namely, twelve cents first-class, six cents second-class, and four cents third-class, and from any one station to the second station, sixteen, nine, and six cents. For all distances between 140 and 457

miles, the stations were grouped with a uniform rate, by ordinary trains, $3.20, $2.32, and $1.60 for the respective classes. By express trains, the rates were about twenty per cent. higher. The result was that the neighborhood passenger traffic of Hungary increased in the interval, 1889 to 1892, from 2,912,400 to 20,412,100, over 600 per cent., and the long distance travel increased from 246,200 to 970,600, or 294 per cent.

One of the results of the reform of the railway system of Hungary has been to throw the burden of railroad expenses on the shoulders of those able to bear it, namely, on the long-distance travellers using express trains, the class corresponding to our Pullman-car travellers. This class, numbering, in 1892, about a million, paid over twenty per cent. of the entire passenger taxes. In the United States this class does not pay one half the cost of their own transportation.

The influence of the comparatively low, uniform, five-cent fare on the Manhattan Elevated Road of New York may well be styled magical. This road, with only a hundred miles of track, and traversing a district occupied by less than two million people, carried, in 1893, over 214,000,000 passengers, three eighths as many as were carried in the same period by all the trains of our great railroad system of over 170,000 miles of track, and traversing a territory inhabited by over 60,000,000 people. With five-cent fares, the Manhattan Road, after paying over $2,000,000 in rentals and interest on its bonds,

earned nearly ten per cent. on its $30,000,000 of stock (largely water). Its operating expenses were less than three cents a passenger. Governor Flower signed a bill, during his term of office, requiring this road to so widen the sphere of its five-cent fares as to include an extensive suburban district, and in giving his reasons for signing the measure, he is reported to have said that it would not only benefit the people, but would also increase the profits of the road.

I believe that a similar result would follow to every railway corporation that had the courage and the foresight to adopt a similar policy. It would promote consumption and stimulate production. It would prove to be the best possible system of rates for all engaged in railway traffic. Would a railway corporation secure to itself the largest possible profits, and to the district which it serves, the greatest possible development, then let it apply to its local business the life-giving principle which has been almost universally adopted in through traffic, and make the rate for its shortest haul the common rate for all hauls within its jurisdiction.

If distances of a thousand miles, and between the stations of a dozen railway systems, can be safely and profitably ignored in through railway traffic ; if distances of scores, and of hundreds of miles, can be safely disregarded in the local transportation of milk and potatoes and grain, then surely there is every reason to believe that a general grouping of all the railway stations in the

country with a uniform rate will prove to be the best possible system that can be devised for the common good of all. What reason is there for ignoring distance between Boston Common Points, in their through business, that does not apply with even greater force to their local business with one another?

Let us imagine for a moment what would be the influence of such low, uniform transportation taxes on a district served, say, by such a corporation as the Consolidated Road of Connecticut, controlling upwards of 2000 miles of territory. The lowest regular passenger tax now levied by this road, as I find it, is five cents. The highest express fare, by ordinary cars, for the longest distance without stops (that between New York and New Haven, seventy-three miles), is $1.50. The lowest freight rates on this road that I have discovered are those between Southington and Plantsville, on the Northampton division, distance one mile, and these rates are as follows:

First	class,	$ .06	per hundred	pounds	or $1.20	a ton.
Second	"	$ .05	"	"	" $1.00	"
Third	"	$ .04	"	"	" $ .80	"
Fourth	"	$ .04	"	"	" $ .80	"
Fifth	"	$ .03	"	"	" $ .60	"
Sixth	"	$ .02½	"	"	" $ .50	"

On wood, the lowest rate appears to be $4.80 a car for soft wood and $6.00 for hard wood, for hauls of not over ten miles; on brick, $7.00 per

car per ten-mile haul; on spruce lumber, $8.00 for the handling of a carload of 26,000 feet.

Under the proposed grouping of stations, the entire tariff schedule of the Consolidated Road would be reduced to very nearly this brief statement, and it might be made yet more simple. Under a system of rates based on the cost of the service freight would be divided into but two or three classes. With transportation taxes collected in advance, and with the prompt handling of freight cars, it would undoubtedly be possible to make uniform rates of say six dollars per box-car haul and five dollars per haul for the use of platform cars with loads of any character up to the car's capacity. The additions to the schedule for fast trains making few stops, and for special service, would cover, perhaps, a half sheet of note-paper.

Under such a scheme every station and every man at every station along the lines of the Consolidated Road would at once be placed on a par with every other as to the cost of exchanging services and products with his neighbors. The low uniform rates, limited though they were to the territory of a single railway corporation, would rouse the whole community to new life. The five-cent fares on way trains would widen the sphere within which a laborer could find occupation to thirty or forty miles from his home—an hour's journey. The earnings of the people would largely increase, and with an increase of earnings would

come an increase of purchasing power that would afford a continually increasing demand upon the freight department of the railroad. In winter, the countryman, now kept at home in enforced idleness by reason of high transportation taxes, would be able to seek occupation in the city shops. In summer, the factory hand would be able to restore his vigor by betaking himself to the open fields. In summer or in winter, the poorest man would find it possible to take himself and his family to almost any station on the Consolidated Road for a holiday. Under such a condition of things, all Southern New England would become one great city, within which the railroad trains would run like a weaver's shuttle, weaving a web that would bind the railway and the people together in harmonious prosperity. But it requires little argument to demonstrate the utility of a general grouping of railway rates to the people. The advancement of the common welfare would be nothing less than miraculous, and the railroads would secure their full share in that advancement.

If the various States of our Union understand their true interests, the very next session of their legislatures will see the enactment of laws applying this beneficent cost of the service principle to all railway traffic within their respective jurisdictions. Our railroads, however, are but the arteries and veins of our national circulating system, and the movements of persons and of property throughout the whole system ought to be

determined by a law as uniform and as stable as that which regulates the flow of the blood in the human body. The uniform tax ought to be as low as possible, and it ought to be determined by a power representing the common interest and capable of enforcing its judgments. The scheme proposed fulfils all these conditions. Once adopted, it will, I believe, prove to be the best scheme that could be devised for the general good of the whole people. Best, unless, perhaps at some future time, it may be found still better to make the ordinary use of our great circulating system altogether free, and to support the railways as our ordinary highways, and as the Erie Canal and as the vertical railways in our tall office buildings are supported, by a general tax on the districts which the railways serve.

The essential thing in railway business is fast-running, well-filled trains kept in constant use, and this result can only be obtained by making it possible for the ordinary man to move himself and his products from any one station to any other at a low, uniform rate. Products of high value, like persons of large wealth, are mere incidents of railway transportation. If they were carried free (as they often are), the loss to the railroads would be comparatively little. It is commodities of low value and persons of small incomes travelling short distances that pay railway expenses and yield railway profits.

From eighty to ninety per cent. of railway freight

is composed of commodities that must go at low rates if they move at all, and what is true of products is equally true of persons. Make all the rates low, uniform, regardless of distance and of the volume of traffic, and railway locomotives will run with trains loaded very near the limit of their capacity. Such business even at the lowest rates, is far more profitable than light trains kept three-fourths empty by rates at once so high, so uncertain, and so discriminating, as to make the railways almost useless to the masses of the people. The following dictum of the President of the Pennsylvania road can hardly be too often repeated: "The man that gets into a Pullman car does not pay fifty cents on the dollar of what it costs to haul him. The man who gets his dinner on the train to New York does not pay twenty-five per cent. of the cost of that dinner. It is the poor man who sits in a common car, and sits two or three on a seat who supports the railways of this country."

"In India," says Horace Bell, "the third-class travel affords the backbone of coaching receipts; *the other classes might, as far as profit is concerned, be abolished; indeed, on most lines, their removal would be a positive gain.*" Not many years ago a leading railway manager in India stated that it would pay him to give every first-class passenger twenty rupees to stay away. "The English railway companies," says Sir George Findlay, late General Manager of the London and Northwestern Rail-

way, "have spent and are spending large sums of money in providing the most luxurious accommodations for the benefit of the 'Superior Classes,' practically at their own expense; it is the humble and once despised third-class traveller who furnishes the sinews of war." The Scotch Express, with the weight of the sleeping car, carries its first-class passenger at less, per ton mile, than the coal rate. It is said that the balance of loss from the first-and second-class services of all the railways of England and Wales, north of the Thames, in 1890, was £325,000, which, but for the maintenance of these services, would have gone directly into the pockets of the ordinary shareholders. In other words, the third-class travellers on these English railways not only paid all the expenses and a fair profit on their own transportation, they also contributed $1,625,000 in a single year towards the transportation of their first-and second-class brethren.

In 1890, out of 817,744,000 tickets sold on the railways of Great Britain, 724,697,000 were third-class, and they furnished nearly three-fourths of the passenger revenues. The number of travellers increased 27,719,688 during the next year, and of these nearly 27,000,000 were third-class.

"These facts," says R. A. Cooper, in his pamphlet on *Free Railway Travel*, "show that the nation travels third-class, and the only practical limit to the number of those who would travel is the cost of the tickets, for every reduction in fares has been followed by an enormous increase of third-

class passengers. But vast as these numbers are, it would be an error to suppose that the mass of the people travel much. A small class, such as commercial travellers, almost live on the rail, making perhaps hundreds of journeys every year. A large number travel very frequently, but are generally at home and, as the average does not exceed twenty single or ten return journeys per annum for each of the whole population, it is evident that the mass use the rail very seldom."

The people of the United States take hardly half as many railroad trips during the year as do their English brethren. Our 60,000,000 people, with their 170,000 miles of railway, took less than 532,000,000 railway trips in 1891, as against over 845,000,000 by the English with less than half our population, and with less than one-eighth of the railway facilities. Will you have the reason for it? Is it not manifestly due to the cheap fares on the English workingmen's trains and to their numberless excursion trains?

The Great Eastern Railway runs forty-nine Workmen's Trains, and issues 12,000 workmen's return tickets per day, besides 5830 half-fare tickets, 19,000 penny tickets, and 9500 two-penny tickets. The fare between Enfield and London, ten miles, is only two cents. And the Great Eastern Railway has largely profited by its low workmen's fares.[1] In some cases first-class passengers

[1] See page 149, *National Railways*, by James Hole.

can travel by express trains in England at one-fifth of a penny (two fifths of a cent) per mile. Is it not certain that, with five-cent fares per trip, by ordinary cars, on way trains and with corresponding fares by express (say twenty per cent. higher, as in Hungary), the most of us would increase our railway journeys tenfold? The people living along the lines of the Manhattan Elevated Road of New York, take on an average, 113 trips on that road in the course of a year. Is there not every reason to believe that the patrons of all our great railways would make a similar use of railway facilities if they could pay the taxes levied?

If the average trip of the Connecticut traveller fell to ten miles (it is less than twelve miles on the New England, and only about seventeen miles on the Consolidated), then the proposed five-cent grouped rate, on way trains, would be just one half a cent a mile, a little more than the average rate charged commuters on the Consolidated Road in 1892 ($\frac{49}{100}$ of a cent a mile), and just about the rate which has proved so successful in filling the trains of India, where the average train-load is nearly six times what it is here, 250 passengers as against 44 in this country.

And why should we not enjoy as low rates as the people of India? Our roads have cost far less, and the expense of their operation ought to be no higher, certainly not on account of our higher wages, for the American railway employee, like the American in almost every other branch of employ-

ment, is the cheapest laborer on earth. He earns for his employer full fifty per cent. more than his English brother; and the American will accomplish yet greater results when once the wonderful machinery intrusted to his care is run according to the law of its being. Recent improvements on the New York Central have reduced the number of hands on through freights one third, while at the same time doubling the capacity of the freight equipment. The Missouri, Kansas, and Texas road can haul 1000 tons as against 550 four years ago. The train load which was twenty is now thirty-five cars on the most of its line. As for the future the possible advance in the reduction of expenses and in the increased usefulness of our railway system is immeasurable.

Extend the sphere of the Post-office to cover the whole realm of railway transportation and, if experience teaches anything, we may reasonably expect that the movement of freight and of passengers will treble and quadruple, with very little increase in any class of expenditure. It may even be accompanied with an actual decrease of expenses. The one grand difference will be that cars that now go three fourths empty will then go full, and locomotives which now run with almost no loads behind them will haul trains well up to their capacity. In any case no harm can befall the railroads from the proposed scheme. Whatever be the risks involved they will be borne by the people. Our common interest demands that our wonder-

working circulating system shall be kept in the best possible condition, while it should be used to its utmost capacity, and common honesty demands that both the labor expended in bringing it into being and the labor employed in its operation, should receive a generous recompense.

The Government, therefore, representing the people, will, by solemn contract, guarantee both to the railroads and to railroad employees a fair return for their services, and in the distribution of the revenues received from its postal transportation taxes it *will* do what Mr. Depew *promises to do*, if he is made absolute ruler of our circulating system and of the country. The Government will transfer from its general money pool (a pool including all the receipts from the use of the railways) to the treasuries of the weaker and the stronger lines alike, sufficient moneys to insure their support, to each according to its necessities, just as it now transfers money from the present postal pool for the support of the different post-offices.[1]

Under such a scheme, the failure of a railway company will be next to impossible; the possible savings both to the railways and to the country will run up to scores, if not to hundreds of millions. Railroad managers will indeed be deprived of their power to tax the public, but they will be left with all the power necessary for the performance of

[1] Statement of Chauncey M. Depew before the Interstate Commerce Committee, House of Representatives, Jan. 6, 1893, page 6.

their duties to their stockholders and for the service of the public, and, according to Mr. Depew, they were quite ready, a year or two ago, to accept this position, for he said, in his address before the Interstate Commerce Committee of Congress already quoted, "The railroad managers of the United States are now unanimous in the belief that the best thing that could happen for the country and for the railways would be to strengthen the hands of the Interstate Commerce Commission"; and, finally, he said: "Now, we do not care, as railways, how much power you clothe the Commission with. All we do ask is that, since the Government undertakes to regulate the railways, it will regulate them upon the intelligent lines that experience has proved to be the only ones upon which they can be operated." And experience in the transportation of letters and newspapers and of general merchandise by the different governments of the earth, and in the transportation of general freight and of passengers, in the instances cited, certainly indicates that the ideal system suggested by the acts of the railroad managers themselves, and elaborated in this book, is the only system that is at this time at once practical and just.

The rates under this proposed scheme being in general those now charged for the shortest distance for each particular service (any higher rates would certainly be both unjust and impracticable), the uniform fare on way passenger trains, ordinary cars, will be five cents per trip, but there is every reason

to believe that after a little while even this tax may be lowered. The electric cars on some of the lines of Savannah, Geo., were run at one-cent fares for six months of 1894, and with an undoubted profit, for they earned from $15 to $18 a day as against a cost that could have hardly been more than $10 to $12. One-cent fares are by no means an impossibility on our way railway trains, when once they are run in the public interest.

Persons travelling without baggage ought not to pay for the transportation of other people's property, and there should therefore be a small tax (five cents, perhaps) for each piece of regulation size and weight placed in a baggage car. The Post-office will carry such pieces from domicile to domicile for not over 20 cents, and perhaps for 10 cents. Express companies carry parcels from the domicile in New Haven to domicile in New York for 25 cents a parcel, and the Post-office, doing a larger business and with better arrangements than the express companies, will he able to carry pieces of baggage of a reasonable size and weight cheaper than the express companies now carry small parcels. The average trip of a passenger, it is to be remembered, is less than 27 miles, in the whole country. In the populous districts, as, for instance, on the 1500 miles of the Consolidated Road of Connecticut, the average trip is only about 17 miles, and baggage goes only the same distance as its owner.

Palace-car travellers, we are told, do not pay

one half the cost of their transportation, and yet these are the travellers best able to bear the burden of railway expenditure; their cars weigh at least a third more then ordinary cars; they cost a third more, while they carry hardly half as many passengers. Palace-car fares ought certainly to be from four to six times ordinary fares. Even in this case, however, this class of fares will probably be lower than they are to-day. If palace cars and sleeping cars do not pay there are two reasons for it: first, the unnecessarily high prices paid by the railways to such private concerns as the Pullman Car Company for the use of its cars; and, second, the fares which are so high that only one seat in six, perhaps, is occupied. Those whose "good-will" is lightly regarded by our railway managers cannot afford to travel in palace cars.

It was for the common interest, however, that railways were built, and the common interest demands the extension of the sphere of the Post-office to cover this whole business, with passenger and freight schedules, something as follows:

Passenger Schedule.	Fares Per Trip.
Way trains, ordinary or second-class cars	$ .05
Palace or first-class cars.	$ .20 to .30
Baggage, per piece, regulation size and weight or less, per railway trip	$ .05
Baggage, domicile to domicile, by post	$ .10 to .20

with corresponding higher fares for fast trains making few stops. (The fares, by express trains, in Hungary are 20 per cent. higher than by ordinary trains.) On such trains as the New York Limited, making stops only about once in 125 miles, the fares might be, perhaps, $1.00 by ordinary cars, and $5.00 to $6.00 by palace cars. And instead of the present cumbersome system of freight taxes, with its scores of millions of different rates (the London & Northwestern Railway of England, as we have seen, has 30,000,000 different rates, and on the entire railway system of England there are said to be over 250,000,000), instead of this system, with its expensive rate sheets, and its classes, based on values, we should have but a single freight schedule covering the whole country, and yet at once so short and so simple that a child would be able to understand it. Private freight cars would be abolished.

On open cars, coal cars and the like, loaded and unloaded by shippers and consignees, there would be a uniform standard rate of say $6.00 per haul per car of standard capacity, and for box cars, oil cars and the like, a rate of perhaps $8.00, in all cases regardless of the amount of the load, up to the car's capacity, and regardless of classification.[1] The time limit for loading and unloading would be not over eight hours, the limit now in vogue in Holland.

The grand purpose of this reform is to secure to the public the greatest possible use of the railways,

[1] The rates suggested in my Bill are $5.00 and $6.00.

and to this end every car should be sent from its shipping point to its destination by the shortest, quickest, and least expensive route, and should be detained at terminals for the least possible time. Products loaded and unloaded by government officials would be packed according to government regulations and would pay the same rates, whatever the quantity. The present complicated systems of classifying products according to their value would pass away, and in their stead we should have a single uniform system of two or three classes based, as the new rates are to be based, on the cost of the service rendered.

The scheme of classification suggested by A. J. Williams in his *State Appropriation of Railways* is founded on this principle and is very sensible. Mr. Williams proposes a division of freight into three classes, in the lowest of which he would place all commodities that are practically undamageable—open-car freight, coal, sand, minerals, timber, etc. On these third-class products the uniform rate might be as low as twenty-five cents a ton, the rate on the smallest package being, say, ten cents! The second-class commodities, not readily damageable, would include the great majority of manufactured goods, grain, etc., and the rate on this class should certainly not be over eighty cents a ton, four cents a hundred. First-class freight would include all commodities readily damaged or perishable, or which required extra care in handling, and these might pay the first-class rate now charged for the

shortest haul on the Consolidated Railroad of Connecticut, six cents a hundred or $1.20 a ton.

The still simpler two-class system of open and box-car freight would, however, meet all the demands of the situation, with rates of twenty-five cents a ton in the one case, and one dollar a ton in the other. It would be an easy matter to arrange for a system of insurance for goods perishable or easily damaged.

Is this an insane proposition? Is it inexpedient? Will it be impossible with such transportation taxes to secure the necessary revenues?

It is to be remembered that even now, with average train-loads of but forty-four persons, the average passenger fare of the country is but fifty-three cents, and the same locomotive that hauls these forty-four persons can haul five hundred at practically the same cost. (The excursion trains on the Cleveland, Canton, and Southern Railroad, in August, 1895, hauled seven hundred passengers at very little more cost than that of their average passenger trains and at practically the same speed.) The average passenger train, moreover, can easily make twice as many trips during the year as at present. The present average train-load of forty-four persons earns on its average 26.43-mile trip about twenty-three dollars. A train of one hundred first-class passengers at twenty cents a trip, and of one hundred second-class passengers at five cents, would earn twenty-five dollars in the 26.43-mile journey; but these rates would so stimulate the

short-distance travel that, under such conditions, the train would probably empty itself every thirteen miles, and the return would probably be nearer fifty dollars than twenty-five dollars.

The waste of power and of equipment under our present railway *régime* is really criminal. The average loads of our great passenger locomotives are hardly up to the hauling capacity of a pair of mules, and yet every excursion proves that the people would fill the trains if only the regular rates were within their ability. What inducement is there for a man to seek employment an hour's journey from his home when the transportation tax to and fro would take every cent he could earn in ten hours? What were railroads built for? To encourage travel or to hinder it? To enable men to move themselves and their products at the least possible cost, or to keep the cost of transportation just as near as possible to that by ox-team and human burden bearer? Think of freight cars creeping over the country at the snail's-pace of only twenty miles a day, and with loads of little over three tons[1]; and yet that was the condition of things in 1893, and in 1894 our 1,205,169 freight cars earned on an average less than $1.90 a day, and handled less than ten and a half tons of freight a week. Would not he be a very poor farmer who failed to get as much out of his ox-team?

[1] See *Railway Review*, Nov. 18, 1893, p. 692; Aug. 4, 1894, p. 448.

Four days out of five our freight cars lie absolutely idle, obstructing side-tracks and rotting under the influence of sun and wind and rain. They will not average seventy-three paying hauls a year, and they earn less than $590 a year. "The average car-movement of the country is absurdly small," says the editor of the *Railway Review*, "and it is so mainly because of the misuse of the cars by the railways themselves."

The car accountant of the West Shore Road, Mr. W. W. Wheatly, estimates the waste of capital in this misused equipment at over $124,000,000, with an interest account of at least $5,000,000 and an annual expenditure of about $10,000,000, to say nothing of track room to hold them, locomotives to move them, and the other minor but necessary expenses which their existence involves. The number of these idle freight cars, says Mr. Wheatly, is about 248,000, and yet, according to Mr. Aldace F. Walker, railroad managers are paying $30,000,000 a year for the use of private cars.[1]

The demurrage limit, that is, the time allowed for unloading a freight car in New England, is ninety-six hours, and as much more time may be taken for loading. *In slow* Old England, and on occasion in New York, they take less time to handle the cargo of a great ship. On one of her trips the *Paris* arrived alongside her quay, at Southampton, at 7.30 P.M. of a Wednesday evening.

[1] See *Railway Review*, Sept. 3, 1892, and Oct. 7, 1893.

Within thirteen and one-half minutes her 465 bags of mail were landed and despatched by a special train to London. At 7.40 P.M. her passengers began to disembark, and at 8.15 P.M. they left on another train. At 10 P.M. the *Paris* commenced unloading her cargo, and in the course of Thursday she was cleared out. She took on board 2400 tons of coal, and, if it had not been for her extraordinarily large return cargo, she would have been ready for sea on Friday evening. As it was, she sailed on Saturday at mid-day, less than sixty-six hours after her arrival, with 250 saloon passengers, with her saloon berths all occupied, and with a fair complement of third-class passengers.

The *Paris*, at her English terminus, handles her thousands of tons of cargo, her hundreds of bags of mail, and her crowds of passengers, in less time than it takes to handle the load of a petty freight car in New England, and she makes her thousands of miles across the Atlantic almost as quickly as the average American freight car makes its baby trip of 126 miles.

The unloading and loading of a great ship is done in New York quite as quickly as on the other side of the water. On one of her trips, the *Berlin* arrived at her American terminus at 8 P.M.; by 1 o'clock P.M. of the following day, within less than eight hours of daylight, she had discharged her load of imports, shipped 1150 tons of coal, taken on her cargo of exports, and sailed for England.

It certainly ought not to take over eight hours of

daylight to load and unload a freight car. I have seen thirty-ton coal cars loaded, in Boston, in less than one hour.

Our total railroad freight revenues for the year ending June 30, 1894, were $699,490,913, less than $1.10 per ton for the 638,186,553 tons handled.

If the 1,205,169 cars belonging to the railroads had made but two paying hauls a week in that year, at $7.00 per car per haul, they would have earned over $877,000,000, and an average load of twelve tons, at an average rate of but 60 cents a ton, would have produced $7.20 per car.

Is there anything so very wild in a plan that leaves first-class freight at $1.20 a ton, second-class at 80 cents, and the cheapest service at 40 cents a ton? Is there anything so very extravagant in the statement that under the equitable rule of the Post-office, with cars sent straight from shipping point to destination over the most economical route, at the highest economical speed, and unloaded and loaded in eight hours, it would be possible for our freight equipment to earn an ample revenue at rates of from $6 to $8 per haul per car? Is there really anything impracticable in the scheme for a two-class freight system, with general merchandise at $1 a ton, and minerals at twenty-five cents a ton, per haul? Is there not, indeed, every reason to believe that, after a very brief experience under such a *régime*, there would be an enormous increase in the net earnings both of the railways and of the people, and in a short

time it would be possible to even lower these rates.

The advantages of this reform ought, it seems to me, to be patent to every one. Every station, and every man at every station in the country, would be on a par with every other as to passenger and freight rates. Discriminations between individuals and between places would be forever at an end. The great cities would no longer grow at the expense of the intervening country. The crowding of men and women and little children into narrow and dirty alleys, in order that they may be near the great factories where they must labor, would soon come to an end, for the factories would move out into the open country, where land is less expensive, and where their operatives, enjoying something of God's green earth and clear sky, would do better work and would get something of happiness out of life. There would be no more rebates, no more deadheads. Great armies of soliciting agents would disappear. Freight stamps (for freight taxes would be paid in advance) and baggage stamps and passenger tickets would be on sale at drug stores, hotels, and other convenient places, as ordinary postage stamps are to-day. Cut-rate ticket offices would be abandoned. Speculation in railway rates would cease, for the tariffs, once adopted by the government, would be changed only after due deliberation and with the full knowledge of the whole people.

The adoption of this scheme and of a low cus-

tom tariff would go far towards settling the trust business. Combinations of producers would do little harm if the consumer could supply his wants from the farthest station, and from the smallest producer, at the same freight rate as from the biggest trust at the next railway station. It would be difficult to make a corner on coal, if the freight rate from every station in the United States to every other were not over $6.00 per carload of thirty tons, and if every small coal miner in the country were insured equal facilities with his big neighbor in getting his product to market. But if at any time there should be a coal combination that included all the coal mines in the United States, then we could join with other civilized governments in an international transportation arrangement, after the fashion of the International Post, under which we could supply our wants from the ends of the earth.

The application of the postal principle to public transportation, under the control of the Post-office, would make the people once more masters both of the political and the industrial situation. Coal trusts and iron trusts—all sorts of trusts, indeed, would find it to their interest not to restrict, but to increase, their outputs. It would not pay, under such a system, to shut down factories, close up mines, or to destroy farm products, as the old Dutch monopolists did at one time in the East Indies, with the intent of bringing about a scarcity of the necessities of life and consequent high prices and low wages.

We hear much nowadays of over-production, but it is all nonsense. We are not suffering from over-production, but from under-distribution and over-taxation, from laws and customs that fetter trade and burden industry. We are suffering most of all, however, I think, in this country, from a system of managing our great post-roads under which one man, the farmer of the taxes on say 5000 miles of these roads, may decree which out of say a thousand cities and villages in his territory shall prosper and which shall not, and which out of say 10,000 individuals doing business in those cities and villages shall make a living or shall be reduced to beggary.

This world is filled with people, half clothed, half fed, ill-sheltered from the summer's heat and the winter's cold. These people are only too anxious to find occupation, but law, custom, circumstances, all too often deprive them of the opportunity, and when the work is found it not infrequently happens that the workers are robbed of their reward by men intrusted with governmental powers like those now enjoyed by our railway kings. The problem is how to abolish these cruel laws and customs ; how to remove the obstacles, natural and artificial, which separate the would-be laborer from the would-be employer ; and, finally, how to secure equality of rights and of privileges on our railways and elsewhere for every human being. When all are equally free to labor and to enjoy the products of their labor, there will no longer be any cry of

over-production on the one hand or of starvation on the other.

I can think of nothing that would do so much to bring about this happy state of things as the extension of the sphere of the Post-office over the general business of public transportation. But of all the benefits that will accompany the new *régime*, the greatest perhaps is this: it will at once deprive our railway corporations of their power to do evil, and will make them public servants, dependent for their corporate existence upon their performance of their public duties to the public satisfaction. The consolidation of railway systems must, I believe, continue until all our post-roads are both owned and managed by the National Government. The movement must, however, proceed step by step; first one road or system must be taken by the government and then another. If, in the meantime, the New York Central or the Pennsylvania gradually widens the sphere of its operations until the one absorbs the other, the result will only be for the public benefit. Let the government once assume its legitimate function of determining, collecting, and distributing transportation taxes and there will be comparatively little trouble in solving the rest of the railroad problem.

Take from the railway manager his imperial power of giving passes and granting rebates; his power to discriminate between individuals and between places; subject him to the terms of a traffic contract drawn up between himself and the National

Government, and he will no longer be able to corrupt legislatures and bulldoze private citizens; he will no longer be able to build up one city and ruin another. Under the new conditions, every consolidation would be for the public good as well as for the advantage of the railroads. These consolidations would lessen railway expenses and increase business facilities. Government patronage, it is true, would somewhat increase under the new *régime*, but it would not increase anything like so much as railroad patronage would diminish. The patronage of such a ruler as President Roberts of the Pennsylvania Railroad with his 100,000 subordinates is, I submit, an infinitely greater danger to both our industrial and political liberties than is or ever can be the patronage of the President of the United States. Hundreds of ticket agents and freight agents would be relieved of their present unpleasant duties as deputy collectors of transportation taxes for private railroad corporations. The remainder would serve as public servants, collecting a tax so low and so simple that their work would be a pleasure instead of a disagreeable burden.

The postmen on the trains would be able, in many cases, to attend to the baggage and parcels business. Many of the country stations would become post-offices, the postmaster being, at the same time, the freight and express agent. This would effect a large saving of moneys now paid for the carriage of the mails to post-offices, and would

facilitate the plan for the free distribution and collection of mail matter in country districts.

"The highways of nations are the measure of their civilization. Without roads there can be no society, government, commerce, or intelligence. In exact proportion to the abundance and excellence of highways (and in exact proportion to the cost of transportation on those highways) are the exchanges of services between men, the communication of thought, the augmentation of wealth, the growth of comfort, the development and the consolidation of the civilized state."[1]

"From a polyp up to man the increasing perfection of the circulating system marks the increasing activity of life, the more perfect interdependence of the various parts of the organization, a wider range of sympathies, and an increasing ability to dominate natural surroundings. From the savage who lives without any interest in the rest of the world, confined to his own horde, and wandering through the trackless forests, up to the present condition of society, with its iron roads, like arteries carrying the material for social life where it is called for, and with its telegraphs and telephones extending like a network of nerves, bearing prompt intelligence to the centres of all that affects the parts, the history of the increasing perfection of the means of transportation and

[1] Report of the U. S. Committee on Pacific Railways, made Feb. 19, 1869.

of communication, is the history of all human advancement."[1]

The extension of the sphere of the Post-office to cover the entire business of public transportation, and the application of the cost of service principle to the determination of rates is surely the next great step in this advancement.

[1] *Westminster Review* (slightly changed), Jan., 1871.

CHAPTER V.

THE UNITED RAILWAYS OF AMERICA

VS.

THE UNITED STATES OF AMERICA.

SINCE mankind were first welded into nations, the Highway has always been the symbol of Government and THE OWNER OF THE HIGHWAY HAS BEEN THE GOVERNMENT. This was true of the ancient Oriental Empires; it was pre-eminently true of the Roman Empire. Some incidental advantages may have accrued to the Roman subject from the Roman Road, but its primary purpose was to facilitate the movements of the Emperor's troops and of the tribute exacted by those troops from the Emperor's subjects. "To the Oriental mind," says Trumbull, "a Road, the King's Highway, included the idea of a kingdom planned and a kingdom controlled. Again, it included the idea of a Personal Sovereign, of a Sovereign whose Plan is back of the Highway and whose Purpose is before it. In the earliest empire in history, the symbol of Royal Greatness was Royal Road-Building. The ancient Oriental idea of a road, an idea

which still has large prominence in the East and elsewhere, is of the Highway of the King. Roads were originally built by the King, for the King, and they were kept in repair or put in repair as the King had need of them. Roads had their incidental advantages for the King's subjects, but only by the King's grace."—Trumbull's *Studies of Oriental Life*, pages 223, 228.

The same thought is expressed in equally vivid language by Henry D. Lloyd, in his study of the modern Occident, entitled *Wealth vs. Commonwealth.* "Ownership of the highways ends in the ownership of every-thing and every-body that must use the highways," and, in proof of this statement, he recites the story of the great American trusts, every one of which seems to have owed its quick growth to the grace of some railway king. The tendency of the system is obvious. "Grain," says Mr. Lloyd, "is fated to go the way that oil, hard coal, cattle, and meat have already gone. The farmer may remain the nominal owner of his farm, but he will be the real owner of nothing but the paper title. First, the product of the farm, then the farm. In America, rises the shadow of a coming land ownership more concentrated, more cruel, with the impersonal cruelty of corporate anonymity, than the world has yet seen."

To the same purport is the following quotation from the conservative New York *Evening Post*, to the effect that the late manager of a certain railway, and president of a joint traffic association had pre-

sided at the birth of the mammoth steel trust, and that it only broke up as a result of his death.

"A certain railway corporation was interested in the [steel] rail-works at Scranton and another in the Bethlehem works, while the Chicago roads were naturally interested in the Chicago works. The rail-makers showed the railroads the cost of the rails, and the officers of these railroad-companies added three dollars a ton for profits, thus establishing the price. The deceased manager had the most important part in fixing this policy and practice. His view was to allow a fair profit and to distribute the orders among the existing works, so that all could run moderately."—*R. R. Gazette*, March 5, 1897. And he succeeded. He prevented the mills from running immoderately, and he also prevented the railroads (outside the ring) from getting rails at too moderate prices; he likewise prevented the workmen in the rail mills from earning immoderate wages. And, had he been in active command, his decision as to the price of rails would have been law, but he died. The prices of rails, no longer controlled by his ALL-POWERFUL HAND, fell almost at once and as a consequence of the fall in price, there came, in a few short weeks, orders for nearly 830,000 tons, orders to set idle men at work making rails and to provide occupation for thousands of other idle men at laying these low-priced rails on the National Highways. Whether lower transport taxes will follow the use of the lower-cost highways remains to be seen.

"The King is dead, long live the King." The successor of this fallen monarch of the West at his coronation addressed his court in language of which the following is a fair interpretation: The business of the Association at Washington, known as The Government of The United States of America, is of some importance, but The Government of The United Railways of America—a certain traffic association—is "quite as important to the stability of credit, to the industries, and to the commercial prosperity of the country. So far as I can, as President, my best efforts will be given to carry out the purposes for which this Association was formed and with which I am in the heartiest sympathy and accord."—*The Mail and Express*, March 3, 1897. But this language was modest compared with his interview published in the New York *World*, of April 1, 1897, just after the Supreme Court of the United States had declared the Government of The United Railways unconstitutional and unlawful. On this occasion, the Lord of the American Highways said bluntly that his business of regulating the movements of persons and of produce on these Royal-Railed Highways had a "more important bearing upon the return of prosperity a hundred times over than the legislation for which this extra session [of Congress] had been called." And he is right. The Iron Hand of the Ruler of the National Highways, ever upon the nation's pulse, regulating at his will the flow of the nation's life-blood, has an infinitely greater in-

fluence upon the public convenience, the public security, and the public prosperity than do the acts of the Congress of the United States.

The relation of the two is well brought out in the first of Joint Traffic Commissioner Blanchard's articles on "Railway Pools, Their Equity and Public Value," the article in which he compares the taxes levied by the Government of The United Railways and the Government of the United States. During the years 1894–95–96, the gross amount of taxes levied on the people by the Government of The United States was $1,072,651,000; the transport taxes levied for the same period, by The United Railways, amounted to $3,408,200,000, or three times as much.

Again, while the outstanding bonds of the United States amount to but $847,364,460, the bonds of The United Railways amount to $5,641,000,000, about seven times as much. Legitimate and so-called watered stocks—Railroad Paper money—are roundly, at par, $5,000,000,000 more. The interest on the United States debt is about $29,000,000; on The United Railway debt, about $252,000,000, and both are paid by the people. And the Government of The United Railways surpasses the Government of The United States as much in the variety of taxes levied as in other characteristics. "There are not less than two million freight rates and passenger fares in this country, applicable to Interstate Traffic," says Mr. Blanchard, and who can enumerate the scores of millions

of tariffs levied by our railway monarchs within the different States?

This mighty power, moreover, is rapidly concentrating itself in fewer and fewer hands. In its issue of April 2, 1897, the *Railway Age* reported a certain capitalist as saying that one third of the railway mileage—highway mileage—of the United States is now in one great railway pool controlled by a voting trust, and that the basis of reorganization will form a PROTECTION against any wholesale reduction of the Royal-Railed Highway taxes that would have taken place under the Supreme Court decision. The power to levy these highway taxes upon the persons and produce of the country has been taken away from freight agents and lodged with the boards of directors and railroad presidents. He might have added that, since the tenure of office of these royal tax-collectors lay in his Imperial hands, the taxes which they levied were, in fact, decreed by his Imperial will. My proposition is to take this Imperial power out of his hands and to lodge it in the hands of the United States Congress.

In the *North American Review*, of March, 1897, James T. Wait speaks of the highway tariffs levied by these gentlemen as follows: "There are some cities and some divisions of the country which are practically as much discriminated against as if we had a system of protective tariffs between the States. In many parts of the country the relation of car-load to less than car-load rates is such that a

large dealer is practically subsidized to the detriment of his smaller competitors. In extreme cases, there is a difference of 260 per cent. of the rate and nearly the full value of the goods. The multiplicity of tariffs is astounding. On one road—in one pool—of 502 miles of track, there were in effect, October 1, 1896, by actual count, 1605 distinct publications dignified by the name of 'tariffs,' and, in addition, numerous rate sheets and circulars, some of which, like the Irishman's 'duck,' do not hold still long enough to be counted. The yearly printing bill of one of our large systems amounts to over $75,000, and their printer has frequently $60,000 worth of type kept standing in form for them. These tariffs posted, as required by law, for the information of the public, are practically a sealed book. They are so intricate that the ordinary man can make nothing out of them."

As to the character of these railway magnates, one of their number, M. E. Ingalls, writing in the *Engineering Magazine*, of July, 1896, said that before the passage of the Interstate Commerce Act, many of them had been insolent and lawless. For a little while, they obeyed the law of 1887, but by 1895 they had become worse than ever. "If the railway business of this country is to be conducted in the future," said Mr. Ingalls, "as it was to an alarming extent for, we will say, the two years ending June 30, 1895, those of us engaged in this profession would lose the respect of ourselves and of

our fellow-citizens, and deservedly so. These I know are strong words and harsh ones, but they are true." There had been two grand causes for these troubles: first, the inability of himself and his fellow highway managers to exact sufficient tribute from their subjects, and, secondly, their perpetual disagreements as to a proper division of the spoils. These troubles, however, were probably at an end. From the first day of the preceding January, the highest possible taxes had been most scrupulously exacted in all parts of the country, and under the beneficent offices of the Government of The United Railways, the spoils would henceforth be fairly apportioned.

The advocates of the continuance of this railway government are wont to lay great stress on the fact that, in some parts of the country where the transportation business is not yet pooled, there have been some reductions in the Royal-Railed Highway taxes in recent years. It is only just to these gentlemen, however, to say that reductions in railway rates have never been the result of regard either for the welfare of the public in general or of their own patrons in particular. Their invariable rule has been and is to exact "All the traffic will bear."

The spirit which controls them was clearly manifested in the case of The Jerome Cotton Co., of St. Louis *vs.* The Missouri, Kansas, and Texas Railway, tried within the last two years before the Interstate Commerce Commission.

The distance from Eufala, Indian Territory, to St. Louis, is 535 miles.

In 1889, with cotton at $50.62 a bale at St. Louis, the rate was $3.00 a bale.

In 1889 to 1890, with cotton at $53.75 a bale at St. Louis, the rate was $3.00 a bale.

In 1890–91, with cotton at $46.87 a bale at St. Louis, the rate was $3.00 a bale.

In 1891–92, with cotton at $39.40 a bale at St. Louis, the rate was $3.30 a bale.

In 1892–93, with cotton at $42.50 a bale at St. Louis, the rate was $3.50 a bale.

In 1893–94, with cotton at $36.89 a bale at St. Louis, the rate was $4.00 a bale.

In 1894–95, with cotton at $30.95 a bale at St. Louis, the rate was $4.00 a bale.

The bale of cotton weighed 500 pounds. As cotton went down in value, the transport tax went up. This increase in the transport tax, moreover, accompanied a large decrease in the cost of the service to the railroad. The train which carried but 550 tons in 1892, easily hauled 1000 tons in 1895. The Vice-President and Manager of the road stated that the two rules which guided them in determining their highway taxes were to exact all the traffic would bear, and to find a market for the stuff. "Those are the things which guide us. From that standpoint, any rate is reasonable under which the traffic will move absolutely. It all moves out every season. If it moves out, it must be a reasonable rate."

If the highwayman leaves his victim his life, he is a very reasonable highwayman.

Congressman Bell gave a striking instance of this sweet reasonableness in his speech in Congress on the Pacific Railways last winter. Seventeen sheep pelts were carried 77 miles on a Colorado railroad. The pelts sold for $13.86; of this the railroad took $10, and left to the *owner (?)* $3.86.

In the case of the Colorado Iron and Fuel Co. *vs.* The Southern Pacific Railroad, tried not long ago before the Interstate Commerce Commission, it was proved that the King of the Royal Highway Pool of the Pacific Coast allowed this great iron industry—a concern employing 5000 men, having a pay roll of $10,000 a day and a capital of $20,000,000—to continue its existence only on condition that it paid him, for a haul, mostly down grade, 1559 miles from Pueblo to San Francisco, on steel rails, two and one third times, and on bar-iron, three and one fifth times as much as was the transport tax on similar products hauled 2418 miles from Chicago and 3331 miles from New York, and lifted up 5000 feet to the tops of the mountains.

The absurdity and gross injustice of the highway taxation of our Royal Rulers was also clearly set forth by George J. Kindel in the *Evening Post*, of Denver, Col., of January 20, 1897. English crockery is shipped to-day from Liverpool to Denver for $1.12 per hundred, while from Trenton, New Jersey, the tax is $1.53 per hundred. Both are carried *via* the . . . Railroad to Denver. The Eng-

lish product is carried 6000 miles, the American 2000 miles, yet the tax on the American crockery is nearly forty per cent. greater than that levied on the English. "For years," says Mr. Kindel, "I purchased metallic bedsteads in England, not because they were better or cheaper with the custom's tariff added, but because I could save $75 a car in railway tariffs," and then he goes on to speak of discriminations between different sections of the country similar to this railway discrimination in favor of the foreigner against the citizen. On a shipment of sixty tons of goods, made up of 1200 different articles put up in hundred-pound packages, the transport tax from Colorado Common Points to the Pacific Coast is $3060. From the Missouri River, five hundred miles farther, and in the face of an up grade of 5000 feet, the tax on a similar consignment to the Pacific Coast is but $1407.60. Taking a car-load of first-class goods at twelve tons, the tax for a similar service—five carloads handled by shippers and by consignees—under my proposed bill and by the fastest trains, would be $18 a car, $90 for the five cars, and it would be the same whether the goods were shipped from St. Louis or from Denver. The saving to the producer and the consumer in the one case would be over $1300, and in the other $2970.

The Government of the United Railways of America—The Joint Traffic Association of New York—completed its organization, November 19, 1895. The New York *World*, of Wednesday eve-

ning, November 20, 1895, spoke of the birth of the new Government of the country in the following graphic language: "A Gigantic Trust is Born," "Competition Ended," "Freight Shippers Helpless," "A Thousand Millions and all the Big Railroads in the Deal."

"For years every commodity brought from the great productive fields of the West and South to the Eastern markets for consumption or export has been obliged to pay TRIBUTE to the powerful railroad trust known as The Trunk Line Association. By the organization of the New Joint Traffic Association, which was effected yesterday at the meeting of the presidents and managers of more than fifty railroad companies, and at which something like a thousand million dollars of capital was represented, the power of this great Trust was not only largely increased, and the territory over which it can exercise its power extended, but it has placed itself in a position where it can levy a STILL MORE BURDENSOME TAX UPON THE INDUSTRIES OF THE COUNTRY. By the high rates which the POOLING ARRANGEMENT heretofore in vogue has made possible, the enormous quantities of wheat, corn, cotton, iron, and other goods which have been shipped, have, in turn, been obliged to pay this TAX to the railroad monopoly, and it is believed that when the railroad managers have carried out the scheme just now inaugurated, and have it well under way, they will be able to make still greater extortions. In framing the agreement which has been signed by the repre-

sentatives of all the big trunk lines of the country, its originators have been very careful to avoid any allusion to the extension of the old pooling arrangement, which it really amounts to, but say that the purpose of the combination is to aid in fulfilling the purposes of the Interstate Commerce Act and to enable the various corporations in the Trust to co-operate with each other, and, with adjacent transportation associations, to establish and maintain reasonable and just rates, fares, rules, and regulations in state and interstate traffic, and to secure greater economy in the management of the railroad systems of the country. In other words, they want to make more money out of the business by shutting out competition and establishing firmer rates. In financial circles to-day, the new Trust is the most interesting and absorbing subject of discussion. It is regarded by railroad men as the most important and radical move that has ever been made by the railroad magnates of this country. The agreement is to go into effect on January 1, 1896, and will continue for five years. Another meeting of the managers is to be held on December 12th, when it is expected that it will have received the ratification of every company involved." Then, after reciting the names of the signers, the author of the article continues: "That all the other railroads connected with the trunk lines in their revenue systems will come into the agreement and ratify it, there is said to be very little doubt, and when the

whole organization is complete the Pool will have absolute control of the traffic over the largest and richest portion of the country. The area affected by the new association includes not only the whole of New England, New York, and the Middle States, but all the territory lying between the seaboard and Chicago and St. Louis, the Lower Mississippi Valley States and all the South Atlantic and Gulf States. IN FACT, IT CAN LAY TRIBUTE ON EVERY IMPORTANT TRANSPORTATION ROUTE IN THE COUNTRY. The rates on IMPORTS AND EXPORTS of goods passing through all the great Atlantic ports will be subject to the controlling influence of the monopoly, and it will also govern the freights on manufactured goods from New England, New York, New Jersey, and Pennsylvania, which are destined for the great Western markets. In other words, it is the intention of the managers of the new pool to absolutely control both the east-bound and the west-bound traffic of the country. The provisions of the new agreement authorize a division of competitive traffic, which is nothing more or less than the old division of the spoils under the trunk-line agreement. Another feature is the abolition of independent agencies throughout the country, and the establishment of joint agencies. The joint association is to be run by a Board of Control, which will be selected at the next meeting, to be held December 12th. There will also be a Board of Arbitration, consisting of three members, who will decide all delicate questions that may

arise which cannot be settled by the Board of Control."

Well-nigh two years have passed since this United Railway Government was founded, and they have been years of just such paralyzing stagnation as would inevitably follow the inauguration of such a despotism. If, for the moment, there is an apparent revival of prosperity, it is owing to a combination of circumstances—large crops in the West and a failure of crops in the East and in the Old World—that cannot long continue. In any case, the increased taxes levied upon industry by our Railway Royalties will soon check the rising tide.

Their methods and their aims are well set forth in the following paragraph from the New York *Times*, of August 20, 1897: "The Board of Control of The . . . Association met yesterday at 143 Liberty Street. The rate situation—the tax to be levied on business and on travel—was discussed, and the general sentiment favored a stiffening and maintaining of rates, because of the improved and promising condition of affairs. Two sessions were held, and there was entire harmony and a disposition to further the interests of the Association. On the recommendation of the Northwestern lines, endorsed by the Lake and Trunk lines, the Board approved the increase, September 1st, of the rate on flour from Minneapolis, rail, lake and rail, from 17½ cents a hundred to 22 cents." In other words, the transport tax on flour sent from the overflowing West to the hungry East, was increased about

twenty-five per cent. The increase of the tax on grain was put off till the next meeting of the Board. This Royal Highway Board—or shall we call it Board of Royal Highwaymen—which controls the circulation of the life-blood of the American people, accordingly met on the 16th of September, and decreed an increase of the tax on grain to 22½ cents a hundred—the existing rate was 20 cents—to go into effect October 15th, and to continue at the will of the Board. The nearer the East is to starvation, the higher is to be the transport tax on food products. The nearer the approach of winter and the colder the weather, the higher is to be the transport tax on fuel. Whether we are to starve or to freeze is to depend on the will of the managers, or THE MANAGER of our Royal-Railed Highways.

We have a striking exhibition of the Imperial Power of this Highway Government in the case of the Merchant's Excursions to and from New York City, in August and September, 1897. During certain portions of these months, certain non-resident merchants living outside New England and outside a hundred-mile zone of New York, having been properly labelled, were granted the privilege of a round trip to the Metropolis for two thirds the usual tax. All other persons, though travelling on the same trains, paid the regular tax.

The managers of these steel highways and those whom they have ennobled are already the lords of the fireside. They determine whether the homes

of the multitude are to be lighted at night and on what conditions. In his pamphlet on *Trusts*, dated February, 1897, George Rice, of Marietta, Ohio, draws a picture of the petroleum industry of the United States which ought to arouse every citizen to the dangers of the hour. After stating that the paramount position of a certain company is entirely due to railway discriminations, Mr. Rice says that his experience as an oil producer and refiner, and his late investigations as to the prices of refined oils in all parts of the country, conclusively establishes the fact that, where competition does not exist, the prices of refined oils are very high as compared with the low prices of crude petroleum, and where there is competition, the prices of the refined product are reduced only so long as the competition continues, and only to the competitor's customers.

"The average price for the best grade of oil—that from the Appalachian district or white-sand pools—at the wells, for the last five years, has been but 2.18 cents per gallon, while that of the inferior grades—the sulphur or Lima oils from Northwestern Ohio—has been but 1.28 cents. It costs but half a cent per gallon to refine these oils, and not to exceed half a cent per gallon more to pipe them to the refineries, making a total average cost of the refined product, at the point of shipment, of 2.83 cents. The best oil goes to the East and Middle West; the South, Southwest, and Northwest are compelled to take a poorer product at the same price, because in these sections the greater railway

discrimations have virtually wiped out all competition. Two thirds of the oil product of the United States is exported, and the foreigner gets this two thirds for the same amount of money that the American pays for the remaining one third; in other words, the price to the foreigner is but one half that to the citizen.

"This trust determines at once what the consumer pays for the finished product and what the producer receives for the raw material. Its agent determines the price of ninety-five per cent. of the petroleum produced in the United States. In an industry, representing in the value of its product in 1896, the year's labor of 300,000 farmers, this trust regulates the value of each man's labor at its will. On the 10th of November the agent was kindly paying the oil producer for his wage in producing a barrel of petroleum, $1.20; forty-eight days later, on the 28th day of December, the oil producer was receiving a wage of but ninety cents a barrel, a cut of twenty-five per cent.

"The trust dictates to the rail lines the rates of freight to be paid by its competitors while its own rates are nominal. Its power over the rail lines is such that they dare not reduce the mileage rate allowed on its thousands of tank-cars. The Joint Traffic Association has conformed to its wishes and excepted petroleum from the rate-making control of the Board of Managers, to be subject to special contract. Throughout the territory of the Southwestern Traffic Association, the rates between ter-

minals are from 44 to 225 per cent. less than to intermediate stations. Exclusive stop-over privileges are, however, granted to this trust to stop and divide up full-loaded tank-cars at one or more stations *en route*, while its competitors are denied this privilege. When a competitor, having his own cars, asks for the privilege, he is politely informed that it has been cancelled—this although in the office of the Interstate Commerce Commission it stands uncancelled.

"From St. Louis to Hillendah, 1073 miles, the oil rate is 55 cents a hundred, for a car of 24,000 pounds, $132; to Houston, eleven miles farther on, the rate is but 33⅓ cents, or $80 a car. The rate for the shorter distance is $52 greater, or nearly seventy per cent. greater than for the longer. From Cairo, Illinois, to New Orleans, the rate is $43.20 per car; to La Branch, nineteen miles from New Orleans, $98.40."—*Trusts*, George Rice.

The truth of Mr. Rice's statements as to the poor product and high prices of this trust is corroborated by the revolt of the merchants of Western Massachusetts against the monopoly, inaugurated early in January, 1898. Writing under date of January, 3, 1898, the Springfield correspondent of the New York *World* said that after numerous complaints by their customers—complaints that had extended over many months—upwards of a hundred dealers had determined to free themselves from the monopoly and to buy oil of independent refineries, of whom they knew by experience better

oil could be obtained at lower prices. "The agents of the trust," says the writer, "have already appeared in the field, and are doing their best to frighten the men who are interested in the scheme. One prominent local dealer says that a trust agent approached him and said: 'See here, if you try to fight the trust we will put the price down so low that you cannot sell any oil. We will ruin you, and then when any of you want to buy any more oil from us, you 'll have to pay for it.' The advantage of the trust in this contest may be imagined when we learn from Mr. Rice that one of the railroads which serves a large portion of this district has lately been discovered in making a discrimination in favor of this trust of 110 per cent." This particular mode of discrimination was done by underbilling, by which two cars of naphtha, containing 100,986 pounds, were carried at less than half weight, or at 24,000 pounds per car, or 48,000 pounds total, or 110 per cent. discrimination.—*Trusts*, Supplement No. 1, January, 1898.

I had thought to close here my indictment of this Royal Highway Government, but the following editorial, published in the Republican Chicago *Tribune*, October 12, 1897, so complements my quotation from the Democratic New York *World*, of November 20, 1895, that the use of the one demands that of the other.

The *Tribune's* editorial discussed the aim of a certain capitalist, saying:

"As the *Tribune* stated yesterday morning,

nearly all the great trunk lines in this country are now practically controlled by a certain capitalist. He owns, or has under his thumb, lines which have a mileage of 44,000 miles. He will add to them soon the . . . Railroad, the . . . Railroad, and some others, which will make him the MASTER of lines with a total mileage of 50,550 miles. These roads have less than half the total mileage of the country, but they represent fully half the total issues of stock and of bonds.

"It is not difficult to see the future dangers which will grow out of the combinations which this capitalist is making, combinations which will put him into a position where he and the men who are acting with him can dictate the prices of all products and other property in the United States. He and they will become the possessors of unbounded power. That a proper use will be made of it cannot be believed. When the great trunk lines are brought under one management and one-man power reigns supreme, the other roads will cut no figure in the case. It will not be necessary to get control of them. Lines not terminating at vital points of trade on the seaboard, like New York and San Francisco, will be at the mercy of the combined trunk lines. The latter will be able to dictate to them whatever terms they please.

"The Pennsylvania system is not in this financier's clutches, but the roads he has flank it on all sides. It will be helpless without them. Then, after having secured the mastery of the Railroad

systems of the United States, nothing will be easier for him than to secure that of the Canadian roads, and thus cut off all competition in that quarter. The English capitalists who own them will be perfectly willing to join with him. The next step will be to buy up the big lake vessels, and thus put an end to lake competition. In getting hold of the . . . of . . . he also got hold of the steamship lines which ply between Savannah and New York, Boston, and Philadelphia. He will get hold, when the time comes, of the vessels which ply between Duluth, Chicago, and Buffalo. When he has perfected his plans, he will be in a position to fix railroad rates to suit himself. There will be no competition whatever. WHATEVER HE CHARGES, ALL WILL HAVE TO PAY.

"Then he can raise the rates on food products so that Eastern consumers will have to pay more for their food and Western producers will get less for it. Manufacturers will get less for their goods and purchasers will have to pay more for them. Their losses will go to the railroads to pay dividends on watered stock—say rather to redeem in human sweat and human blood railroad issues of paper money. When the rates on corn, cotton, wheat, and other products of the soil are advanced in order to enable dividends to be paid on billions of watered stock, the value of the farms on which these products are raised will be forced down. The owners of millions of fertile acres will not be able to get for those acres what they now can.

"The value of all city property will also be at his mercy. For it will be in his power to build up one city and to pull down another. If he chooses, he can blight the trade of a city. He can kill its manufactures. He can thus reduce its population and depreciate the value of its realty.

"What will the people do when he puts on the screws? Probably nothing at first. For he will move slowly. The first advances in rates will be hardly noticeable—say only twenty-five per cent. Then there will be further advances, and the people will begin to complain. At first they will appeal to Congress. But what good will that do? A combination which represents something like five billions of stocks and bonds (and which with but the aid of a printing-machine can make five billions more) will have unbounded resources for purposes of CORRUPTION. IT WILL BUY UP ALL THE CONGRESSMEN IT NEEDS. It will seek to get control of the press which denounces it, and, in most cases, it will succeed.

"All the agencies on which the people rely for aid and advice will be in the hands of the enemy. But this capitalist and his allies will not have money enough to buy the people themselves. When they see that they have been betrayed, and that a railroad octopus has them in its tentacles THERE WILL BE WILD WORK. TREACHEROUS REPRESENTATIVES WILL BE DEALT WITH AS THEY DESERVE; BUT THE FORMS OF LAW WILL NOT BE OBSERVED. There will be a short, sharp contest between the few who

are fleecing the people and the many who are being fleeced. In that strife the former will fare ill. . . . . and his associates should bear that in mind, and should be careful how they provoke a conflict which can end only in their total overthrow. They should not give their unbounded and insufferable lust of power and greed of gain too free a rein or they will be confronted by an infuriated people.

"As for the people, however, the wisest thing they can do is to use an ounce of prevention while it is yet time, and check up this capitalist and his like before they can go any farther on the road they are pursuing."

One other witness remains to be heard on this great question—the Interstate Commerce Commission—and its report of 1897 reveals a state of demoralization in the public transportation business of the country which can hardly have been surpassed at any stage of our history. As to import and export rates, since the decision of the Supreme Court in the Texas and Pacific case, March, 1896 (162, U.S.), the rate of railway charges on imported traffic has been made and changed at the will of the carrier, without regard to inland rates, discriminations or preferences, and in disregard of any legal requirement to charge the same rate on import traffic to all persons, and a similar condition exists in export traffic.

Taking sugar as an illustration, on a train-load of eleven cars, one of New Orleans sugar, and a

car each of sugar from China, Austria, Germany, England, and a half-dozen other countries of varying distances, under the act, as now declared, the rail rate would be the same on no two cars of the train. Testimony before the Commission shows that, while it is not a profitable rate in the opinion of the Commission,—it is clearly a profitable rate in the opinion of the managers of the railways—one hundred pounds of sugar can be moved between New Orleans and San Francisco for about fifty cents. The [published] rate from San Francisco to New Orleans is sixty-five cents, and it is sometimes carried for less. Probably with no intention of carrying any, the rate from New Orleans to San Francisco is $1.65. Note, please, that the transport rate on sugar carried across the continent is but half a cent per pound, while the railroad tax for the haul of U. S. mail-bags, for average trips of less than 450 miles is eight cents a pound.

But the point of special interest to us in this sugar business is the fact that although the rates on these eleven cars, from New Orleans to San Francisco, may each differ from the other, the through rates—land and water added together—from the place of the origin of the sugar to its destination are practically the same, and this although the distances may vary from 500 miles, New Orleans to Cuba, to twenty times that distance, New Orleans to the ports of China. This custom of uniform through rates adopted by our international land and water carriers not only affords a most powerful argument

in favor of my scheme of uniform rates within national boundaries, it surely foreshadows the formation of an international transportation union with uniform rates between any two stations in the civilized world.—*I. C. Report*, page 8.

As to export rates, "The decision in the Import Rate Case has been generally accepted by the roads as exempting from the operation of the law all of the traffic which is shipped for export. As a consequence, during a greater part of the year, a preference of five cents a hundred has been enjoyed in the transportation of corn for export over that designed for consumption by our own people. Provisions have been and are transported by rail from the Missouri River to New York and thence by steamer to Liverpool at 45¼ cents per hundred pounds, of which rate the railroads received 38½ cents and the steamship 6¾ cents per hundred pounds, while traffic identical in weight, quality, and value, and carried on the same trains from the point of origin to New York, but which was for domestic consumption, was required to pay 53½ cents per hundred. Thus the export traffic was carried through to Liverpool, including the ocean haul, for 8½ cents per hundred less than was exacted for the carriage to New York of like traffic for domestic use. The precise amount of discrimination made by the railroads against our own people in this case was fifteen cents per hundred pounds, which on a single shipment amounted to several thousand dollars." On a train-load of

1800 tons, such as are said to be hauled at times over the New York Central, such a discrimination would amount to $5400.

As an illustration of the lawlessness of our traffic managers in determining transport taxes, the Commission publishes the following letter from a prominent Chicago shipper, dated June 5, 1897:

"*Hon. Wm. M. Morrison, President Interstate Commerce Commission.*

"DEAR SIR:—

"Referring to the Interstate Commerce law, a representative of one of the leading freight lines from the East to Chicago called this morning to solicit our business, and, as an inducement offered us 25 per cent. off the regular rates. We asked him if this was not violating the United States Commerce law. He said it certainly was. This is a sample of what has been done for a long period, and what is being done to-day. What is a firm to do who will not violate the law? Adhering to it costs us thousands of dollars per annum. We are confident that there are many, many reputable houses in Chicago who are suffering on account of their strong desire to be law-abiding citizens. Violators of the law are in a position to get control of more than their share of business.

"Yours truly."

—*I. C. Report*, 1897, page 58.

And these railroad managers show an equal disregard of the law in their passenger traffic. Ninety-

five per cent. of the "scalped" passenger tickets sold at a discount from the published rates, are said to be bought direct from the agents of railroad companies.—Testimony, George McKenzie before Senate I. C. Committee; see N. Y. *Sun*, January 15, 1898.

The decision of the Supreme Court in the Freight Bureau Cases, 167 U. S., 479, rendered May 24, 1897, denied to the Commission the authority to require carriers not to exceed charges found reasonable and just. As a result "Carriers by all-rail lines from the West to the Eastern seaboard, doubtless thoroughly informed of the immunity from restrictive regulation conferred upon them by this decision, increased the long existing rate of 20 cents a hundred on grain and grain products from Chicago to New York to 22½ cents on October 15, 1897. The rate had been 20 cents per hundred since February 4, 1895, except for about three weeks between June 15 and July 8, 1895, when it was as low as 15 cents. Similar changes also took effect on grain to other eastern ports, and rates from the many stations taking percentages of the Chicago rate were similarly affected. A like increase of 2½ cents was made on October 31 last in the all-rail grain rate from St. Paul and Minneapolis. A statement prepared in the office of the Joint Traffic Association and filed in a pending case, shows that during the year 1896 the all-rail lines brought from and through Chicago and various other junctions to Boston, New York, Philadelphia, and Baltimore

1,482,370 tons, or 2,964,740,000 pounds of grain, flour, and mill stuffs. An advance of 2½ cents per hundred pounds in transportation charges applied on such tonnage amounts to an addition to the railway revenues of $741,185, and to an added burden of the same amount upon the farm and mill products carried only by those lines *via* or from Chicago and such other junctions to the seaports mentioned."—*I. C. Report*, page 90.

The decision of the Supreme Court in the Troy Case, 168 U. S., rendered November 8, 1897, declared that railroad competition may create discriminating circumstances and conditions under the fourth section, and thereby justified greater charges for the shorter haul. "Within five days from the reading of its opinion by the Supreme Court, the Trans-Missouri Bureau—which appears to be doing business as the lineal descendant of the Trans-Missouri Freight Association—declared an illegal association by the Supreme Court—filed schedules raising the rates to intermediate points over 100,000 square miles of territory." A similar result has been effected in other cases by enormously reducing the rates between terminals and leaving the rates for the shorter hauls to intermediate stations from two to three times as much as for the longer hauls between the terminals.—(*I. C. Report*, 1897, pages 43, 91.)

But of the various railway methods for picking the pockets of the public—railway shareholders as well as those who use the railways—perhaps the

most sinister is that practised by the so-called "belt lines" in the large cities of the West. These belt lines were originally designed and used for the transfer of cars between Eastern and Western roads that had no connection with each other's rails, and the tax exacted for the service, one dollar and upwards according to the work performed, was perhaps within reason. The formation of Union depots, the consolidation of railway systems and the junction of the various lines terminating in these cities have, however, made this switching service practically unnecessary, and according to this report, the principal function of the belt lines of Chicago at present seems to be to enable their managers to hold up all produce that comes from the West for Chicago consumption until it has paid them a uniform tax of four dollars a car, and to allow no produce to pass through Chicago to the East until it has paid either to one belt line or another a tax amounting on an average to ten dollars a car. As to whether these taxes are levied on Eastern produce bound for Chicago and the West does not appear, but it is altogether probable.

In some cases the traffic comes to Chicago from the West by a line whose rails intersect those of an Eastern line by which the traffic is to go forward to the seaboard. In such cases it is entirely practicable for the Western line itself to deliver the traffic to the Eastern carrier, and that is the most natural and least expensive way to

effect such a delivery. But instead of this the traffic is turned over to a belt line on the outskirts of Chicago, and a tax of four dollars a car is levied ON THE EARNINGS OF THE WESTERN LINE for the delivery of the car to any junction point on the belt road. This tax, be it noted, is four times the old switching tax of one dollar, and where a necessary service is performed, the Commission says that it fully pays for that service. An arrangement is made, however, with some of the lines running east of Chicago under which the Belt Line receives eight per cent. of the division of the through rate for the haul from Chicago to the seaboard on all the traffic which the Belt Line delivers to the Eastern carrier. On grain this amounts to about six dollars on an average car-load. The total is ten dollars a car.—*I. C. Report*, 1897, pages 52, 53.

In railroad circles this is called a "double cross." The term is appropriate. The Belt Line seems to be a very convenient machine for crucifying at once the ordinary railway shareholder and the public. The number of car-loads of grain received at Chicago during the calendar year 1897 was 329,618. If all of these cars were destined for the East and were subjected to this ten-dollar tax, the total of the needless burden thus assessed upon the public by the Chicago Belt Lines amounted to $3,296,180. Even if the cars went no farther than Chicago and were mulcted to the tune of but four dollars a car, the total tax on the earnings of the

Western roads amounted to the handsome sum of $1,318,472.

The next step in the process of transferring the essential functions of the National Government to the Joint Traffic Association and to its imperial Master is to be the legalization of railway pools by Congress. The decision of the Supreme Court in the Troy Case gave to our private railway managers practically absolute control of communities between terminals. The ratification of the pooling decree now before the United States Senate would give them equal power over the terminals.

And this proposed pooling of the freight traffic of the country would be as detrimental to the ordinary railway shareholder as to the general public. Its effects can be easily determined by a study of the passenger traffic of the country where pooled rates have prevailed almost from the birth of the railway. The first report of the New Haven Road congratulated its stockholders on the consummation of pooling arrangements with the competing steamboat lines on Long Island Sound, and on the prospect that after a little no man in Southern Connecticut would be able to live in one town and to earn his living in another except at their will. And they carried out their scheme of raising passenger rates and of maintaining those rates, with the result that in many cases it actually cost more to take a trip on this road in 1897 than it did in 1850. The New Haven Road has prospered, it is true, in spite of its restrictions upon

the life of the State it was chartered to serve, and doubtless because the burdens which it placed upon the traveller, heavy as they were, were lighter than those levied elsewhere.

As a rule, however, these pooled taxes upon travel, taxes nearly always equal to the value of an average day's labor, for an hour's journey to and from a man's home, and in some cases much higher, as a rule these pooled passenger rates have had a most disastrous result on passenger revenues. "Certainly of the lines west of Chicago and probably (with one exception) of the lines west of Buffalo and Pittsburgh, there is not a single road but what conducts its passenger traffic at a loss."—"Railroading under Present Conditions," *R. R. Review*, December 18, 1897.

And what is true of the Western roads is equally true of probably the majority of the roads of the East. Taking a particular instance, the New England Road, we find that its passenger revenues were so low at the beginning of the year 1897 that even between two such cities as Hartford and New Britain, having populations of 75,000 and 25,000 respectively, it seemed doubtful if it would pay to maintain the tracks. But a little later a great change took place. The competition of a trolley line forced the monopoly to increase its service and to reduce its pooled rates by fifty per cent., and forthwith the traffic almost quadrupled, the revenues doubled, and the passenger traffic became immediately remunerative. If the railroad system

of the United States has not been absolutely ruined in recent years it has been because freight rates have been so reduced by the competition of railroad with railroad and of railroad routes with water or with combined water and rail routes as to have permitted an expansion of business and a corresponding expansion of revenues.

There are probably no freight trains in this country more profitable than the 1800-ton through grain trains of the New York Central, on which the competition of the Erie Canal has forced down the rates, Buffalo to New York, to less than eighty cents a ton. But although the competitive through-freight traffic, with its comparatively low rates, may be prosperous, it is very doubtful if as much can be said of the pooled way traffic. There was a reduction in the gross earnings of the New England Road in the year 1896–97, as compared with the previous year, of about $707,000, and, says the report of 1897, sixty per cent. of this loss was due to the falling off of local traffic on which the pooled tax levied on the movements of produce averaged about three times the competitive tax on through produce.

But whatever may have been the effect of competition in the past, the time has now come when the business of our Royal-Railed Highways must be pooled. Only so can these highways be managed as a uniform network in the interests of the general traffic. And this railway pool must be managed by the National Government. The man or the as-

sociation that manages this pool will be the Government. I propose the pooling of the railways under the United States Post-office.

Carroll D. Wright suggested this as a solution of our railroad problem in his notable address on "The Chicago Strike," of June, 1894.

The Chicago strike is epochal in its influence, he said, because it emphasizes the claim that there must be some legislation which shall place railroad employees on a par with railroad employers in conducting the business of transportation, so far as the terms and conditions of employment are concerned; because the events of that strike logically demand that another declaration of law and of the principles of the federal government shall be made; a declaration that all wages paid as well as charges for any service rendered in the transportation of property, passengers, etc., shall be reasonable and just. "It has emphasized the power of the federal government to protect its great interests in the transportation of the mails."

Personally, he added, he was opposed to the government management of the railroads, but if it came, it would come because of a great necessity, and good citizens should have no fear. When it came, moreover, it would be, not at the demand of the labor involved in carrying on the work of transportation, but "at the demand and in the interest of the railroads and of the shippers," and the movement would be most seductive.

The demand would be that the government

should take charge of the roads—not purchase them—should take charge of the roads and out of the proceeds of the transportation business guarantee to the existing stockholders a small but reasonable dividend. And this seductive movement would command the support of the conservative men of the country, of the stockholders themselves.

At my request, a declaration of law, formulated in accordance with these suggestions of Mr. Wright, was offered in the House of Representatives at Washington, at the opening of Congress, December 8, 1897, by Congressman N. D. Sperry, of Connecticut, and was referred to the Post-office Committee. Its title is "An Act for the Establishment of a National System of Post-Roads and for the Extension of the Post-office Department to Cover the Entire Business of Public Transportation." This Bill will, I trust, prove so seductive that it will command the support not only of the ordinary railway stockholder and the ordinary shipper but of all classes.

It will command the support of the ordinary railway investor because it gives him the Government guaranty of a certain and—some persons think—a high return for the public service rendered in building the railway. The value of the stocks and bonds held by our various financial institutions, savings-banks, insurance companies, trust companies, etc., will be no longer subject to the wiles of the speculator.

The railway employee will vote for this bill because it secures to him steady employment, with fair wages and frequent payments for a short day's service. The rest of the community, the shipper and the consignee, the producer and the consumer, the workman and the employer, will demand its enactment because it makes the tax on business and on travel low, uniform, stable, and places the determination of all transport taxes in the hands of the representatives of the whole people.

The following is a brief summary of this new declaration of law and of the principles of our federal government.

Recognizing the fact that the management of our Royal-Railed Highways is a matter of public convenience, of public prosperity, of public security, a matter of the highest National importance, this bill provides that these Roads—long designated Post-Roads—shall be brought under the management of the Post-office, and that the rates for transportation on these Post-Roads shall be determined on the Postal principle.

The Interstate Commerce Commission is made a part of the Postal Department, and the Consolidated Department is to consist of the Postmaster-General and ten associates, including the Interstate Commerce Commissioners. The Postmaster-General is to be the head of the Department, and each of his ten associates is to be the head of a postal division corresponding to one of the ten groups into which the railway system of the country has

been divided by the Interstate Commerce Commission. Each of these ten postal divisions is to be divided into as many postal districts as there are states and territories in such division, and each of these postal districts is to have a postal director who shall be responsible for the postal business within his district. Where, in the judgment of the Postal Department, the successful management of the business requires more than one Postal Director in a state or territory, such state or territory is to be divided into two or more postal districts, each of which is to have its duly appointed postal director.

The Postal Department—the Postmaster-General and his ten associates—are authorized, in behalf of the United States, to take possession of the various railroads—post-roads—and other transport agencies needed in the proposed service, and to guarantee to their owners an annual return on their securities equal to the average annual return paid during the seven years ending June 30, 1897.

Temporary contracts may be made for the use of any railroad or other transport agency found by the Department to be a convenience or necessity in its business; such contracts to secure to the Department the complete control of the various services and to cover terms not longer than three years. Within five years from the passage of the bill all the existing railroads in the United States required for the use of the Post-office are to be under its permanent management.

In the case of railroads or other transport agencies that have only met the interest on their bonds during the seven years ending June 30, 1897, the government is to guarantee the continued payment of the stated interest, and these bonds are to be considered as representing the value of the properties. Where railroads and other transport agencies taken possession of by the Postal Department have not more than paid expenses during the five years prior to June 30, 1897, the Department is to ascertain what it would cost to reproduce such properties, and the Secretary of the Treasury is to issue 2½ per cent. bonds payable forty years from their date to the holders of the bona-fide securities representing such properties, pro rata.

The securities on which dividends or interest are guaranteed by the United States Government are to be duly registered, and, on due notice, the holder of such securities is to have the privilege of converting the same into 2½ per cent. forty-year Government bonds, the securities thus converted to be duly accounted for and cancelled.

If at any time after June 30, 1897, and before it is taken under the control of the Government, the value of any railroad or other transport agency be diminished by the sale or assignment of any property belonging to such railroad or other transport agency, the value of the property thus sold or assigned is to be ascertained by the Postal Department, and its aggregate amount is to be substracted from the aggregate amount of the value of such

road or other transport agency as represented by the par value of its different securities; the dividends or interest guaranteed by the Government are then to be estimated on the balance and to be divided pro rata among the holders of the different securities.

These provisions are not to cover the securities of car-trusts or similar associations, as it is intended that the Government shall either purchase or manufacture its equipment.

The railway employee is to be paid at least as often as once every two weeks for a service of forty-eight hours a week and at fair wages. Appointments are to be made according to civil-service rules.

All transport tolls are to be prepaid, and, except in the case of infants in arms and certain public officials, everybody is to pay the same fare for the same service. With these exceptions and except in the case of Government supplies and Government publications, there are to be no passes or rebates or reductions in tolls.

The transfer of funds between the Postal Department and the United States Treasury is to be made through agents of the Treasury to be located in the same towns as the various Postal Directors.

The Passenger Post includes a Local, Express, and Fast Post.

The Local Post includes railway trains stopping at all stations, and trains stopping within average distances of fifteen miles.

The Express Post includes trains scheduled to stop within average distances of fifteen to forty miles, and to run at a speed of not less than thirty miles an hour.

The Fast Post includes trains stopping for passengers within average distances of not less than forty miles, and scheduled to run at a speed of not less than forty miles an hour.

Railway passenger cars are classified as Ordinary and as Palace cars, and the fares are as follows:

By Local Post, Ordinary cars.....	$ .05	per trip.
" " " Palace "	$ .25	" "
By Express Post, Ordinary cars...	$ .25	" "
" " " Palace " ...	$1.00	" "
By Fast Post, Ordinary cars	$1.00	" "
" " " Palace "	$5.00	" "

These fares are only for continuous trips in one direction.

No stop-overs are allowed.

Travellers beyond the run of the car or train of departure will be provided with the necessary transfers.

The additional tax for the use of sleepers will be as follows:

	Per Night or Fraction Thereof.
Tourist's cars, Upper Berth.....	$ .25
" " Lower "	$ .35
Palace " Upper "	$ .75
" " Lower "	$1.00

There will be no free baggage, except such as the passenger may be allowed to carry with him in the passenger car. The rate per piece of baggage, one hundred weight and under, will be five cents each per trip of the owner; above one hundred and not over two hundred, ten cents, etc. The rate on bicycles will be five cents each per trip of owner. Parcels are to be cared for in stations for the first 24 hours for one cent each; after the first 24 hours, ten cents each for each additional 24 hours or fraction thereof. With arrangements for the tax on special trains and cars, this will cover the entire passenger schedule of the whole country.

The proposed Zone of Travel by the United States Post may be fairly styled The Zone of Necessity. In theory, this zone is limited as to distance, even for a five-cent fare, only by the extent of the transport system of the United States Post-office. International conventions will soon, I trust, extend it to include the transport systems of Mexico and of Canada.

In practice, the only limit to any continuous trip in one direction will be the limit of necessity. If the Boston traveller can make the necessary connections by the comparatively slow service of the Local Post, his five-cent fare will take him through to any station in the United States at which his train stops, even to the Golden Gate.

It will probably be necessary, however, in order to altogether prevent speculation in transfer checks, to limit their use to the day of their date, and I

have so provided in my Bill. Railroad conductors are to give their entire attention to the running of their trains. Regular tickets are to be deposited in receiving urns at the station of the traveller's departure, as is the case to-day with the New England electrics. The traveler beyond the run of the train of departure will receive a transfer when he purchases his regular ticket, and this transfer—colored red, white, or blue to indicate the service used and stamped with the date of the purchase of the regular ticket—this transfer will pass the traveller as far as the run of the car or train on which he may be seated at midnight of the day of his departure. Local transfers will confine the bearer to the use of local services. Express transfers will be good on both express and local services, while fast transfers will entitle the traveller to his choice of the services of the Post-office.

This necessary limit in the use of transfers will probably make a Continental trip on a five-cent fare rather difficult, but a five-cent traveller will nevertheless be able to go some hundreds of miles by the local postal service of the country on a single fare, if he can afford the time to make a long journey by that service. Time, however, is money; it is more than money. Time is life, and the time saved by the use of the Fast and the Express Post, together with their low rates, will ensure the employment of these services in long-distance travel. The comparative slowness of a service making frequent stops will so tax the time of the traveller that

he will seldom use the Local Post save for very short journeys. But short journeys will be the rule, long journeys the exception. The demands of affection, the necessity of earning a livelihood will always confine the ordinary movements of mankind within very narrow limits, probably to the use of local public services. Measured by distance, the average five-cent trip will, probably, be less than ten miles; measured by time, I doubt if the single trip of the average traveller, including all the different services, will be over one hour or over an half hour by local services. The average railway trip of to-day in the United States is less than twenty-five miles, and it can occupy hardly more than one hour.

The proposed tolls, ten cents the round trip by Local Post, fifty cents by Express, and two dollars by Fast Post—these tolls will tie the average family quite close enough to the disadvantages of its native heath. A five-cent fare—ten cents a round trip—is a ten per cent. tax on the dollar-a-day income, which is all that the average Massachusetts farmer has received for his labor of superintendence and manual toil for the last ten years, and on such workers as the Anthracite coal-miners, "who work for ninety cents a day, and except on the 'boom curves' of business may get work less than half the time," on such workers this tax of ten cents a round trip is nearer a twenty per cent. income tax. —*Yale Review*, May, 1897, page 64, and November, 1897, page 307. This proposed local toll is

certainly all that the average human being should be called upon to bear. Experience will soon demonstrate, I believe, the practicability of reducing this toll, by at least fifty per cent., while it will also be found possible to consolidate the Express and Fast Post, both in passenger and freight service, and to adopt the Express rate for the consolidated service.

Had this proposed scheme been in operation, the recent troubles in the coal regions (referred to in *The Yale Review* of November, 1897) could not have occurred. At the very time when some poor, half-starved miners were shot in a riot in Pennsylvania, there were quantities of fruit in California, decaying for lack of hands to gather it. Had these poor fellows been able to get to that work they would be alive to-day, and the whole country would be the richer for their existence. The writer of the *Review* article says that these miners are kept on hand like so many surplus cattle to meet any extra demands of the business, and the managers bluntly say that it is necessary every once in a while to shoot some of them.

A mine manager of twenty years' experience said: "The truth is, that the time came when somewhere hereabouts we had got to do some shooting. It could not be put off much longer." The question was put to him, "When will you have to do some more shooting?" The reply was, "In hard times it is likely to come at any moment."

The object of this scheme is to prevent the re-

currence of such fearful tragedies. It is cruel to tie men to the soil and then to shoot them when they are hungry. I would break these bonds, would widen the opportunities for every human being to get a living. The wealth of a country is in its humanity.

Arthur M. Wellington goes so far as to advocate the extension of the system of uniform rates not only from station to station, but from door to door. "For it is evident," he says, "that as respects freight traffic, rates must, in the long run, be made equal not simply from station to station, but from the door of the consignor to the door of the consignee," and a little further on he suggests the use of free omnibuses between the different stations and the homes of the people, in order to secure a similar equality of passenger traffic.—Wellington, *Economic Theory of Railway Location*, pages 54, 197.

The adoption of this scheme will be one long step toward the embodiment of the thought of this eminent railway authority in law.

LETTER AND PARCELS POST.

Postal cards and letters up to one ounce in weight, and parcels not over one pound in weight —the size and shape of cards, envelopes, and of parcels to be determined by the Department—are to be collected and delivered within the limits of the ordinary postal delivery for one cent. On

letters over one ounce in weight, the postage shall be one cent for each additional ounce or fraction thereof.

On parcels over 1 pound and not over 5 pounds, the postage is to be 5 cents.

On parcels over 5 pounds and not over 10 pounds, the postage is to be 10 cents.

On parcels over 10 pounds and not over 30 pounds, the postage is to be 15 cents.

On parcels over 30 pounds and not over 60 pounds, the postage is to be 20 cents.

On parcels over 60 pounds and not over 100 pounds, the postage is to be 25 cents.

With an additional 5 cents for each additional 20 pounds, up to an amount to be determined by the Department.

These parcel rates are to include baggage, bicycles, books, newspapers, and all kinds of merchandise not of a deleterious character. Everything sent by letter and parcels post is to be forwarded by the fastest service within the control of the Department.

THE FREIGHT POST.

Freight is to be classified as "Box-Car" and "Open-Car" freight, and as "Car-load" and "Less than Car-load" freight.

The term "Box-Car" freight is to cover all freight carried in Box-cars or under shelter.

The term "Open-Car" freight is to cover all freight carried on Open-cars or without shelter.

The term "Car-load" covers all freight loaded and unloaded by shippers and consignees.

The term "Less than Car-load" covers all freight handled by Postal employees.

Freight is also to be classified as Local, Express, and Fast Freight.

The time for loading and for transportation is to be as follows:

Local Freight.

Time for loading by the Department "Less than Car-load Freight," 48 hours.

Time for loading by shippers' "Car-load" freight, 8 hours, of daylight.

Time for transportation, for distances not exceeding 100 miles, 24 hours.

For each additional 150 miles or fraction thereof, 24 hours.

Express Freight.

Time for loading by the Department "Less than Car-loads," 24 hours.

Time for loading by shippers "Car-loads, 8 hours, of daylight. Speed, 200 miles a day.

Fast Freight.

Fast freight may be forwarded by passenger trains and will, in all cases, be forwarded by the fastest freight service within the control of the Department.

The time for loading fast freight both by the Department and by shippers, will be 8 hours, of daylight.

The time for transportation, for each 300 miles or fraction thereof, will be 24 hours.

DEMURRAGE.

Shippers and consignees will be allowed 8 hours of daylight for loading, and 8 hours for unloading, after which there will be a demurrage tax of five cents an hour for the first 48 hours of delay, and ten cents an hour after 48 hours.

The use of a car will be paid for before it is turned over to the shipper to be loaded.

The postage on "Car-load" freight, regardless of the quantity of freight up to the car's capacity and limited in character only by the general laws of the United States and by the rules of the Department, from the point of departure to the destination stated in the bill of lading within the railroad system of the Post-office, will be as follows:

On Local freight, per standard Box-car, $6.00 per haul.

On Local freight, per standard Open-car, $5.00 per haul.

On Less than Car-load freight, the postage will be:

On Local freight, carried in Box-cars, $0.05 per 100 per haul, $1.00 per ton per haul.

On Local freight, in Open-cars, $0.02½ per 100 per haul, $0.50 per ton per haul.

No consignments of less than car-load freight are to be received for less than fifteen cents.

The postage on express freight shall be twice that on local freight; on fast freight, three times the local rate.

The rates on private cars will be the same as on Department cars, and this whether full or empty.

This Bill, says George Rice, the noted opponent of monopoly, strikes the key-note of the greatest of all questions in the interest of the people, and it will go through without doubt by 1900, sure.

George R. Blanchard, of the Joint Traffic Commission, sums up his long argument on "Railway Pools," in the following quotation from the report of the Committee of the German Empire made prior to its purchase of its main railway lines:

"The uniting of the property, of the traffic and of the management of the inland main lines UNDER THE STRONG ARM OF THE STATE ARE THE ONLY EFFICIENT AND PROPER MEANS TO SOLVE THE TASK."—*Railway Pools*, by George R. Blanchard, page 34.

It is with the greatest pleasure that I quote this great railway authority in behalf of my proposition that the management of our Royal-Railed Highways is a governmental function. I am equally glad to be able to quote him in behalf of the postal principle for the determination of railway tolls. Mr. Blanchard was one of the witnesses in the Milk case tried before the Interstate Commerce Commission in New York City, in December, 1895. The rates were uniform for all distances up to 330 miles. I heard Mr. Blanchard testify that there

was no good reason why the uniform rate should not be extended to 1000 miles, and so contended the entire array of railway counsel. "The cost of the service rendered was in no real sense dependent on the length of the haul."

I have before me the latest transcontinental tariff sheets of a Western Railroad System. Its rates are uniform on thousands of articles to and from all points between the Pacific Coast Terminals and all points east of the Missouri River. These rates, however, are as unstable as a sick man's whims, and they are always based on the principle which Mr. Wm. M. Snow of Boston told the National League of Commission Merchants last winter governed a certain railroad corporation, namely, that of transferring to the hands of the railways, as nearly as possible, the value of the produce carried.

Concerning this corporation, in which several States are already pooled, the Boston *Herald* said in a recent issue:

"The interests of certain capitalists control the 'steel highways' from New York to Boston with a grip that lets nothing escape. They also control certain steamboat lines. Should a certain boat line cut rates on freight by steamer direct between New York and Boston, the club that a certain railroad corporation holds up is the threat of a new line of steamers to compete with the other's boats. And recently these capitalists came to an agreement, so that this corporation has nothing to fear from other roundabout routes from Boston."

"The marketmen claim that they can get Michigan peaches to Boston cheaper than Jersey peaches by the monopoly. Michigan is 900 miles from Boston, and New Jersey is 300."

"George M. Mead exhibited a freight bill from this corporation, and said it was fifty per cent. higher than twenty-five years ago, when it did not have control of the boat lines."

Boston shippers will hardly favor the further pooling of the public steel highways under an association of which one of the leading directors of this corporation is President. They will be much more likely to join in the seductive movement to pool these Royal-Railed Highways under the United States Post-office, and to make these highways a means of serving the public rather than of robbing the public. The governing spirit of our age is co-operation. The creed of the mediæval Baron, "What the traffic will bear," "Your money or your life," is out of place in modern civilization.

Returning to the discussion of "The cost of the service principle," which is to determine the future tax on the movements of persons and of produce upon our public highways, I call attention to the following statement, made by Mr. James Peabody, of the *Railway Review* of Chicago, May 16, 1891, in an editorial upon my article, "The Application of the Postal Principle to Railway Traffic," published in the same issue.

"It is only fair to say that the idea was first suggested to Mr. Cowles by a well-known gentle-

man who was for many years President of a New England Railway, and who is especially noted for his shrewdness and ability. It is not supposed that the idea, although not without merit, in many respects, will be received with any degree of favor, at least so long as INDIVIDUAL OWNERSHIP OBTAINS IN OUR RAILWAY SYSTEM, BUT, GIVEN GOVERNMENT OWNERSHIP, IT IS UNDENIABLE THAT SUCH A RESULT IS A NATURAL SEQUENCE." And, in confirmation of the ideas advanced by Mr. Cowles, Mr. Peabody cites an instance in his own experience, where, being "called upon to defend a tariff he had made in which the rate on wheat, car-loads, was fixed at ten cents per 100 for 110 miles in one direction, and twelve cents per 100 for 322 miles in the opposite direction, he was obliged to acknowledge that the tariff in question, like all others, was simply the result of COMPARISON AND GUESSWORK, MODIFIED BY EXPERIENCE," and had no basis either of justice or of reason. His tariff was proved to be wholly indefensible. The most careful calculation showed that the cost was practically the same in the one case as in the other. The difference in the cost for the haul of the 115 miles and 332 miles on a hundred of wheat was but "a small fraction of a cent."

To the same effect is the testimony of S. P. Bush, Superintendent of Locomotive Power of the Pennsylvania Lines West of Pittsburgh, that there is no practical difference in the cost of the haulage of full and of empty cars. In the *Engineering*

News, of June 3, 1897, Mr. Bush states that on a run of 115 miles from Chicago, Ill., to Logansport, Ind., an increase in the load of a freight train of thirty-two cars from 750 to 1050 tons occasioned the use of but 400 pounds more coal. In other words, the cost to the road for the haul of the additional 300 tons of freight, a distance of 115 miles, was but the cost of 400 pounds of coal, less than fifty cents, less than one sixth of a cent per ton for the haul of 115 miles.

Note also the recent testimony of President A. B. Stickney of the Chicago and Great Western Railroad, that the expenditure of a very small amount of money in reducing the grades on 368 miles of his line would render possible an increase in the average train-load from 460 to 650 tons without any increased expense in the cost of the haul.

Observe further that forty per cent. of freight-car mileage is of empty cars, and, since it costs no more to haul a loaded than an empty car, it therefore follows that whatever business may be secured for these empty cars by the proposed low, uniform, stable rates, will cost the Post-office nothing. And as to loaded cars, added to existing trains, up to the capacity of the locomotives, the only expense incurred by the addition of an extra car to a train will be the cost of a little more coal and the maintenance of the car. Two hundred dollars would unquestionably pay the average cost of the use of such extra cars, carrying twenty tons of freight and making one hundred paying trips of 125 miles each

in the course of a year. The average earnings of such a car at $6 per trip would be $600. If it were a box car, loaded and unloaded by Government employees, then at 50 cents a ton it would earn $1000, and at $1 a ton it would earn $2000.

According to Poor's *Manual*, of 1897, the average railroad transport tax of the Middle States, for the year ending June 30, 1896, was but 63.75 cents per ton for an average haul of 93.40 miles. At ten tons to the car-load—and the average car-load is hardly over ten tons—the average freight car of the Middle States, in the year 1896, earned less than $6.40 on an average trip of 93.40 miles. Yet at even this rate, and with average train-loads of but 210½ tons, the railroads of the Middle States made net earnings of $4096 per mile of road, or nearly five per cent. on a capitalization of $82,000 a mile. The roads of this section, levying upon business the lowest average transport tax in the country earned more per mile of road than did the roads in any other section of the country. The New England Roads, levying upon business a transport tax of over $1.84 a train mile on train-loads of less than 152 tons, and over $1 per ton for average hauls of but 82.09 miles, made net earnings of less than $2850. Taxing business full one third more than did the Middle States roads, the New England roads earned per mile of road one third less. By restricting the business of their patrons, the New England roads injured themselves.

The following table, made up from the Railroad

Reports of Ohio, Pennsylvania, Michigan, and Illinois, gives the tonnage handled and the average transport tax per haul, per ton, on several lines, for the year ending June 30, 1895:

NAME OF ROAD.	Tons.	Length of haul.	Rate per ton per haul.
		Miles.	*Cents.*
Pittsburg & Lake Erie	8,413,980	67.63	45.6
Cleveland & Pittsburgh	3,719,014	79.5	55.3
Pittsburgh, Youngstown & Ashtabula..	3,934,760	42.47	26.1
The Pennsylvania....	55,625,107	139.	78.5
The Northern Central	13,072,559	64.	37.
The Pine Creek.....	4,856,854	45.	17.318
The Beech Creek	3,162,295	98.	37.5
The Fall Brook.....	3,200,608	33.	18.
All Michigan Railways	32,750,113	75.84	about 58.
All Illinois Railways .	61,846,163	75.85	74.319
Ohio Railways for 1896	95,345,107	72.89	55.
Wheeling & Lake Erie	2,307,541	114.84	54.4

If such rates are possible under the present wasteful management of our Royal-Railed Highways, then surely the rates I have suggested will be altogether possible under the wonderful economies that will attend the pooling of the business by the Post-office.

A word as to some of these economies. The Boston *Herald*, of March 25, 1897, estimated that the abolition of a certain traffic association would free the country from an unnecessary tax of $750,000 a year, and the abolition of the whole system of traffic associations would bring up the savings on this one line to $2,000,000 a year. Isaac B. Brown,

Superintendent of the Railway Bureau of Pennsylvania, points to a possible saving of $30,000,000 a year in the abolition of the system of hiring private cars by railway companies.

The pooling of the business can hardly fail to double the utility of the freight equipment. The proposed shortening of the demurrage limit will still further increase the possibilities of the freight service. It is said that the substitution of steel for wood in the construction of freight cars will make a possible saving in the haul of dead weight of $31,250,000 a year, while the economies in maintenance and in increased use of the better equipment will amount to full as much more.—*R. R. Gazette*, February 26, 1897; *R. R. Review*, January 13, 1897.

As to passenger business, recent experience in this country proves conclusively that low rates, uniform rates, combined with convenient service—and the one is almost as essential as the other—will both increase railway traffic and increase railway profits.

In September, 1896, the Blue Island Line of the Chicago & Northern Pacific Railroad adopted a uniform five-cent fare for all stations from the Grand Central Depot, Chicago, to Blue Island, twenty miles. In two days, said the Chicago *Record*, of April 17, 1897, the business doubled, and it has grown steadily ever since. "The management of the road is satisfied that the 'nickel' rate is no longer an experiment. This is indicated

by the fact that before June 1st the service of ten trains will be increased to twenty a day, and the suburbanites, living along this line, will have a street-car service on a steam road of standard guage. The five-cent fare is building up the country through which the Blue Island Line passes, and the real estate men are preparing to lay out new subdivisions and make many improvements, believing that the investment will pay because of the drawing power of the nickel rate."

A Chicago friend, writing to me in September, 1897, says that this line runs though a very thinly settled, swampy country, for population scarcely equal to the average farming country, yet they are now running heavy trains, well filled, and the business continues to grow. The road never paid expenses until they adopted the present plan; it is now making money. There are no commutation tickets. Everybody pays five cents a ride. There is more money, says Manager S. R. Ainslie, in a uniform five-cent fare than in a three-cent-a-mile fare.

The reduction of fares in connection with the substitution of the electric motor for the steam locomotive on certain roads, has been followed by almost more startling results than those just noted.

When the Street Railway Law of 1893 was passed by the Connecticut Legislature, the counsel of a great railroad added a proviso that, unless authorized by special charter granted before January 1, 1893, no electric tramway should be built on a

public highway which it paralleled, until a Superior Court Judge had first declared the improvement a public convenience and necessity.

Hartford, the capital of the state, has a population rapidly approaching 75,000; New Britain, perhaps, 25,000. Though connected by two roads, the railroad service was both poor and inconvenient and the fares—sixty cents the round trip of about twenty-six miles by a branch line of one road, and forty-six cents the round trip of eighteen miles by the main line of the other—effectually barred the use of the railroads by the masses of both communities.

This transport tax, an income tax of nearly twenty-five per cent. on a wage of two dollars a day—this enormous tax on travel proved so deadening to the traffic between these growing towns that the business hardly paid for the maintenance of the tracks. The traffic proving insufficient for the support of twelve trains, two were first laid off, then two more, and on the first day of January, 1897, one of the roads had a daily service of but eight trains each way between Hartford and New Britain. The six P.M. train from New Britain had been a great convenience to Hartford citizens earning their bread in New Britain shops, but it was laid off among the rest, and after its removal, these men, hungry at once for their suppers and for a sight of their little ones, were compelled to hang about the New Britain streets a full hour waiting, waiting for this public service to carry them to their

homes. It seemed to be the determined policy of the railroad management to make the cost of railroad travel so high, the service so inconvenient, that no man could live in one town upon its lines and earn his living in another.

And this spirit was manifested, not only in its wretched local service and its prohibitive taxes on railroad travel, but in its obstinate opposition to the extension of the electric tramway service of the state, and especially in the case of the proposed line from Hartford to New Britain. The necessity for a quicker, cheaper, more convenient service between the two cities was apparent enough to those who had eyes to see and ears to hear, but the great monopoly had neither eyes nor ears for the consideration of the public interests, and it blinded the eyes and deafened the ears of those whose duty it was to protect the public interests. Application for a permit to build this Hartford-New Britain tramway was twice made to the Superior Court, and twice refused on the ground that it was neither a public convenience or necessity. The decision of the Judge, in each case, however, included the significant statement that the building of the tramway would injure the railway.

In 1895, the railroad came before the Connecticut Legislature with the pitiful plea that the tramways already built on the public highways which it paralleled were taking away its local business, depriving it of its chartered (?) power to regulate the movements of the people at its will, and protested

against the building of any more such roads. It was the business of the legislature (so I heard a distinguished railroad counsellor declare) to protect the railroad in its dividends. The eloquent address of another counsellor, one of the vice-presidents of the road, in behalf of the orphans and widows whom he represented — such puny orphans and such delicate widows as those upon his directors' list, including the leading capitalists of the country,—almost brought tears to the eyes of his sentimental listeners. Again in 1897, the Railroad appeared before the People's Court to contest the right of the people to use their highways as they would, and in the course of a hearing before the Railroad Committee as to whether this Hartford-New Britain tramway should be built, the leading counsel of the road actually had the audacity to put to a tramway witness a question to this effect: "Do you think it good policy to allow a man to earn his living in one town and to spend his earnings in another?"

The managers of the railroad, however, had already awakened to the fact that revolution was in the air. They had to revolutionize their service and their system of taxation or their business would be revolutionized. Electric tramways were to be built wherever the people wanted them. The only hope for the Railroad, as to its local business, was to chain the lightning to its own wheels and to give the people a tramway service on the railroad at something like tramway fares. To this

end it had made a series of experiments on its line to a seashore resort near Boston, and with such success that, at the very time when its Counsel was propounding the question at Hartford as to whether a Hartford man should be allowed to work in a New Britain shop, the railroad was building a great power station four miles from New Britain, for the purpose of carrying people between the two cities at less than half the old rates, and with a thirty-six-train service running every day of the week in the place of an eight-train service running but six days in the week.

On the 16th of February, 1897, the President of the road appeared before the Railroad Committee at Hartford, and, among other things, said that the experiments on his beach line had already proved the practicability of using electricity on the standard railroad. "The cost of its application by a third rail was about one fifth of the cost of a trolley line. Our locomotives may go to the scrap heap as the old stage coaches had to go. As to the cost of the power station: The charges that have been paid by the steam-railroad for lighting its different stations, when the lighting is done as an incident from the same power, will pay the interest upon it."

He even proposed a fifteen-minute service between Hartford and New Britain, or a service of sixty-four trains a day each way as substitute for the existing eight-train locomotive service. But he could not forbear a fling at the proposed trolley

line, and he went so far as to threaten that if it were built he might remove the power station, tear up the third rail, and so deprive the people of the advantages which he proposed to give to them. "We do not like this parallel scheme; we do not want it, but if it is carried forward, it will remain for the public to determine by their use whether it is worth while for steam-roads to make further developments. All the machinery of the power station can be transferred to a location where the road now does a business of four and a half millions instead of three hundred and fifty thousand passengers a year." This was in February, 1897.

The third rail was opened to public use, May 24th, fare ten cents each way. On the 7th of June, the following paragraph appeared in the Hartford *Courant*.

"THE THIRD-RAIL TRAFFIC.

"*Statistics of the First Week's Business.*

Date.	Passengers.
May 24	3,332
" 25	3,157
" 26	2,703
" 27	2,771
" 28	3,025
" 29	4,451
" 30	8,068
" 31	9,509
Total for eight days	37,016
Average, daily	4,627

"The Memorial Day travel, of course, swelled the average very much, and the question is asked whether the Sunday travel will be as great after the novelty has worn off. The receipts are averaging about $2750 a week. If this rate is maintained, then the mere local traffic between Hartford and New Britain will yield gross about $15,000 a mile on those ten miles of road, independent of their share of all the rest of local and through business done on the road. The average earnings of the whole road per mile in 1896 were about $10,000."

The parallel trolley line commenced operations a few days later. The annual report of the road, issued October 28, 1897, says: "The passenger business between Hartford and New Britain over this road had for some time averaged seven hundred and fifty passengers per day. It was likely to be entirely lost by the construction of a parallel electric trolley line between the two points. Arrangements were therefore made for a supply of electricity from a station erected by the road. A third rail was installed by this company on its East-bound track between New Britain and Hartford, and, since May 24, 1897, an half-hourly service has been offered the public at a uniform rate of ten cents. During the sixteen weeks following May 24th, and ending September 12th, the travel on the electric road amounted to over three hundred thousand instead of about seventy-five thousand as would normally have been carried by steam. If the operation of the third rail proves as satisfactory

during the winter as since its installation, an extension of the service to Forestville or Bristol would seem to be clearly desirable."

This same report contains the interesting information that this road levies about three times as heavy a transport tax on its local as on its through freight traffic, and it dwells with pathetic sadness on the general depression in its local freight and passenger business which has accompanied this state of things. The result of its new system of lower rates and frequent service between Hartford and New Britain would seem to suggest that a similar system applied to the rest of its local business would speedily remove this depression.

It should be added that during the summer the ordinary week-day business of the Hartford New Britain third rail was done with but two trains, each consisting of a single motor-car weighing thirty-two tons, and capable of seating ninety-six passengers. A trailer of the same type weighs twenty-five tons. On rainy days a standard closed passenger car was hauled as a trailer. On holidays and Sundays the trains consisted of a motor-car and two trailers, with a seating capacity for about two hundred and fifty passengers.

In his address before the American Street Railway Association at Niagara Falls, October 21, 1897, Col. H. N. Heft, Manager of the Electrical Department of the New Haven Road, said: "We have learned very thoroughly in our street railway experience the lesson of the importance to any

transportation agency working in a thickly populated territory of UNIFORM FARES and frequent service," and he goes on to show that the experience of his company on its New England Line had been duplicated at Nantasket Beach. "The fares charged on the Nantasket Beach Line before the advent of electricity were ten cents from Pemberton to Nantasket and eighteen cents from Nantasket to East Weymouth. With electric traction they have been placed at a uniform rate of five cents from Pemberton to Nantasket—seven stations—and five cents from Nantasket to East Weymouth—ten stations—a total of ten cents from Pemberton to East Weymouth. Under these conditions the traffic has increased enormously on this line; the summer of 1895, the first of the electrical operation, showed an increase of 92.6 per cent. over the previous summer in the number of passengers carried; the summer of 1896 showed 45.1 per cent. increase over 1895, while in the summer just passed we have carried nearly three times as many passengers as in the last year of steam operation." The cost of the third-rail construction, including bonding of rail, cable at grade crossings and bonding of surface rails, says Colonel Heft, is about three thousand dollars a mile. "We do not say that the third rail has no dangers, but we do not consider the danger as being at all serious, or one that should interfere with the extension of the system."

The fuel used at the power stations of the New Haven Company consists of "sparks," half-con-

sumed coal dumped from the extension fronts of locomotives at the Company's round-houses. They actually cost nothing; it used to be an expense to get rid of them, but, estimated at a value of seventy cents a ton, the cost of power where the engines are used up to their capacity is but 1.8 mills; less than $\frac{1}{8}$ of a cent per horse-power hour. At the Berlin station, where the power is but partially used, the cost, with coal at $3 per ton, was nine mills per horse-power hour; with the use of sparks it has been reduced to three mills, $\frac{3}{10}$ of a cent, and Prof. S. H. Short says that "By leaving the motor open to the free circulation of the air, it would do twenty per cent. more work for the same rise of temperature."—*Electrical Engineer*, October 30, 1897.

An article on "Third-Rail Prospects," in the New Haven *Register* of June 2, 1897, summed up the results of the electric experiments made by the New Haven Road as follows: "It has been found possible to place on the trunk of a single car, without using an inch of passenger space, a motor-power sufficient to propel at high speed 250 tons weight over a 1 per cent. grade and round 10 per cent. curves. This quality of compactness is a most important feature of the electric system. The ability to handle train-loads of any gross weight with one or more motor-cars is not now questioned by the company. Electric trains can be accelerated more rapidly by far than steam trains, this being a natural result of the constant torque of the electric

motors, as well as of the immense reserve power at the station which can be instantly and automatically placed at the motor terminals when called for by the motor-man. As a result of this rapid acceleration of power, it is found possible to make a higher schedule speed over a road of many stations than could possibly be done by such locomotives as are ordinarily employed in this class of traffic. The problem of tracking these high speed trains has been solved as effectively as is done on trains propelled by steam-power—this by means of an electric motor compressor, governed automatically so as to constantly keep sufficient pressure in the tanks ready for service."

The electric train weighs full sixty tons less, costs about $5000 less, and requires two less men to run it than does the locomotive train. The New England third-rail electric covers 324 miles every day. The average American passenger locomotive does not run over 300 miles in three days.

According to the *Interstate Commerce Report* of 1895, there were in use on the railroads of the United States on the 30th of June, 1895, in round numbers, 10,000 passenger trains averaging 2½ passenger cars—10,000 locomotives, 25,000 cars. The substitution of the electric motor for the locomotive in this business would effect a saving in capital of $50,000,000, a saving in dead weight hauled of 600,000 tons and a saving in labor—two shifts—of probably $5 per train, or $50,000 a day. The saving in the lighting of the railway stations

would pay the interest on the cost of the power-houses. The saving in coal, and in the wear and tear of the track would probably more than meet the interest on the cost of the third rail and other electrical equipment. On the 30th of June, 1895, the railroads of the United States had in use, in round numbers, 20,000 freight trains averaging sixty cars — 20,000 locomotives and 1,200,000 freight cars. The substitution of the electric motor for the locomotive in the freight business of the country would save in the value of the labor of firemen alone, probably $100,000 a day, $5 per day per train.

Writing in the *Electrical Engineer*, of June 2, 1897, John C. Henry estimates that the substitution of electricity for steam on the forty miles of railroad, Florence to Cripple Creek, Col., would effect a saving of $228 a day, in addition to other savings of considerable importance, but impossible to figure. One third of the power now absorbed by the locomotive would be saved, and there would be a great reduction in the wear and tear of the track. The electric plant could be used in operating the proposed Florence Southern Road without much additional expense, as the current can be distributed from a central point with much less loss than from the ends of the line, and there need be no additional expense for station attendance. The distribution system could be amplified to great advantage in furnishing the mining camps with light and power. It would require, comparatively

speaking, little more outlay to deliver 1000 electrical horse-power at the mines, which would doubtless sell at a very high price when it could be used to operate pumps, hoisters, etc.

But most wonderful economies are possible even with the continued use of the steam locomotive. Formerly the round trip, 495 miles, Rock Island to St. Louis, over the C. B. & Q. R.R., required the use of four locomotives. The entire run is now made every day with one locomotive, which turns into the company every month 14,850 miles of service, or about five times that of the average passenger locomotive. And this five-fold use of locomotive equipment is accompanied with a corresponding economy in the abandonment of numerous round-houses, with all their attendant expenses. The estimate of C. Wood Davis that the ownership of the railroads of the United States by the Nation would render possible an annual reduction in our transport taxes of $160,000,000 is, I believe, altogether within reason.

The Connecticut Railroad *Report* of 1897, states that from its opening, May 24, 1897, to November 1, 1897, the total of the third-rail traffic was 414,000, or an average of 2587 per day. The average fare under the old *régime*, INCLUDING COMMUTERS, was eighteen cents for the trip, Hartford to New Britain; and the average daily earnings were $135 for six days in a week as against $258.70 for seven days in a week by the ten-cent electrics. This makes the weekly earnings of the old steam

service $810, while that of the electrics is $1810.90. The third rail is to be immediately extended nine miles to the west of New Britain, to the town of Bristol, and by the first of April, 1898, will probably be in use from Bristol to Hartford.

The New Haven Road is also experimenting with a combined car and engine capable of carrying about sixty passengers, and at about one third the expense of the ordinay steam train, burdened with a large amount of dead weight. On a train composed of drawing-room and sleeping-cars this dead weight makes up ninety-two per cent. of the total weight handled.

The *R. R. Gazette*, of December 24, 1897, makes the average train-loads of the New England roads to be as follows:

The New York, New Haven, & Hartford.	73
The Boston & Albany.....	70
The Boston & Maine.....	59
New England	47
Fitchburg.....	47

and it goes on to say: "It therefore appears that the average number of passengers carried in one train upon the best passenger roads in the country could be seated in one of their largest coaches. If the average gross weight of the trains on the New England Road is distributed among the average load of forty-seven passengers, the present method of locomotion shows about 7500 pounds of dead weight for the accommodation of each passenger.

Recent investigations show that trains making 325,000 miles a year have averaged less than twenty-five passengers, and on some trains the average has been as low as six."

This being true in the thickly settled East, we may readily believe the statement of the editor of the *R. R. Review* of Chicago, when he says: "that certainly of the lines west of Chicago and probably (with one exception) of the lines west of Buffalo and Pittsburgh, there is not a single road but what conducts its passenger traffic at a loss.—"Railroading Under Existing Conditions," *R. R. Review*, December 18, 1897.

It should be understood, however, that although wondrous economies are possible in our railway passenger traffic, the real cause of the present unprofitableness of the business is not the dead weight of the passenger trains but the lack of live weight in the trains, and, as is conclusively proved by the experience of the New England Road, this absence of live weight is simply due to the enormous transport taxes which make it impossible for the masses of the people to use the railroad either for business or for pleasure. I would add that this passenger business is almost perfectly pooled, and has been pooled for well-nigh half a century.

The *Engineerng Magazine*, of April, 1897, bears witness that the partial application of the postal principle to railway traffic in Hungary has been a great success. "Instead of being a source of loss, as they were before the introduction of the zone

system, the Hungarian State Railways showed a profit in 1894 of 4.92 per cent. on their capital."

The history of the Brooklyn Bridge affords a most powerful argument in favor of the lowest possible tax on travel. Opened to public use in September, 1883, the bridge was crossed the first year by 6,179,300 persons on foot, paying a toll of one cent each; and by 5,324,140 car-travellers at five cents. The tolls remaining the same, the foot traffic declined the next year to 3,679,733, while the car-traffic increased to 11,951,630. In February, 1885, the tolls were reduced—foot-tickets, in packages of twenty-five to one fifth of a cent, and car-tickets, in packages of ten, to two and a half cents. The result was an increase in the total traffic of the year of seventy-one per cent. The lowering of the car-tolls, however, made it possible for the weary earners of low wages to ride, and the foot-traffic declined to 3,239,337; while the car-traffic increased to 21,843,250. The car-traffic for 1887 was 27,940,313; for 1888, 30,331,000; for 1889, 37,000,000; for 1890, 40,000,000; and in 1893, the number of car-travellers was 42,600,000.

And with the increase of the traffic came a concurrent increase in receipts from $565,544.45 in 1884–85, the last year of high tolls, to $917,961 in 1888, with a profit on the operations of the year sufficient to pay two thirds the interest on the original investment. The receipts for the year 1893 were $1,250,000. Then came the panic, and the traffic fell off; the poor either had no occasion

to cross the bridge for work or were unable to pay the car-toll of two and a half cents, which for the round trip meant an income tax of five per cent. on a wage of $1 a day. Foot-travel on the bridge is now free, and two car-tickets are sold for five cents. The *World Almanac* puts the number of car-travellers over the bridge in 1895 at over 44,000,000, 1897, 45,542,627.[1]

During the summer a Western road runs excursions for $1 the round trip of 174 miles, and for $1.50 for another round trip of 346 miles. The weekly excursion, says a Chicago friend, has grown to be an immense business, and it would be much larger were it not for the niggardly policy which confines it to one day in the week.

According to the *Interstate Commerce Report* of 1895, the value of the railroads of the United States on the 30th of June of that year was $10,963,584,385, and the number of railway employees was 785,034. Each of the 30,000 railway trains of the country — 10,000 passenger, 20,000 freight trains—represents, therefore, an average investment of about $365,000. C. S. Walker, of the Massachusetts Agricultural College, writing in the *Yale Review*, of May, 1897, says that "the pay of the average farmer for his labor of superintendence and manual toil is a dollar a day." The investment represented by the average passenger train of the country is, therefore, equal to the year's labor of 1000 Massachusetts farmers, and it requires the

[1] David A. Wells, *Recent Economic Changes*, page 386.

constant care of twenty-six men to keep it in operation and to maintain its share of tracks, stations, round-houses, repair shops, etc., in order. This average passenger train weighs hardly less than 160 tons, and, on such roads as the New York Central, it weighs fully 200 tons; it has a seating capacity for 160 persons; each seat therefore represents a full ton in weight; the train is hauled by a tireless iron horse, easily capable of hauling a train-load of 500 persons 300 miles a day; it ought to make 500 miles a day.

Now, is there not something most absurd in a policy that permits such trains to crawl over the country at a rate of less than one hundred miles a day and with less than forty persons in a train, and, on many roads, with not over ten persons in a sixty-four-seated car? If I am not very much mistaken a railroad magnate had a whole car to himself the other day when he came to this town of Farmington. I wonder how much he paid for the use of that car. Persons of importance to the railroads, we have been told by the Boston & Maine officers, usually travel free.

The Massachusetts farmer works twenty-one days in a year to pay his share of the customs tariffs levied by the National Government. Commissioner Blanchard says that the United Railway Government, which he represents, takes three times as much out of the farmer. In other words, the average farmer, the average worker, gives sixty-three days of his labor every year for the support

of this Railway Government. Does he receive a fair return for his service? There is a good deal of grumbling nowadays about the pension tax. Are we not paying rather heavy pensions to these railway men? Is there not something a wee bit stupid in allowing these private individuals to regulate the movements of the public on the public highways and at so much a mile?

The system is not even profitable. The revenue from the passenger traffic of this country, under this policy of not allowing the laborer to earn his living in one town and to have his home in another, hardly meets the cost of running the passenger trains. A year's experience has taught Manager Ainslie, of the Blue Island Line, of the Chicago & Northern Pacific Road, that there is more money in a uniform five-cent fare than in a three-cent-a-mile fare. A similar experience will surely follow the management of the National Highways by the National Government on the cost of the service principle of taxation. Not every line will pay, but the aggregate of the receipts of the entire railway system, under the proposed scheme, will, we are assured, far more than furnish the needed revenues.

The number of passenger locomotives in the service of the United States decreased from 9999 in 1895 to 9943 in 1896. There was also a slight decrease in car equipment. The number of passenger trips in 1896 was 511,772,737, about 4,000,000 more than in 1895 and about 33,000,000 less than in 1894. The revenue from passengers in

1896 was $266,562,533. Continuing the estimate of the passenger equipment at 10,000 trains of 2½ cars, the average service of each train would be 51,177 passengers, and the average passenger revenue $26,656.25. The actual number of persons carried by the average train was 51,471, and its actual earnings were about $26,800 (*I. C. Report*, page 79, 1897).

During the first five months of their service, each of the two Hartford-New Britain electric—usually one-car—trains averaged 1293½ passengers and $129.35 passenger revenue per day. At this rate each of these trains will serve, in the course of the year, 472,127 passengers, and will earn from this service $47,212.70. Performing a similar service, our 10,000 passenger trains would serve 4,721,270,000 passengers, and would earn from this service $472,127,000 a year.

These figures represent, however, only the number of travellers whom the experience of the New England Road proves to be able to pay ten cents for single trips or five cents each way for round trips to and from their jobs and their homes. We may fairly estimate that the 511,772,737 persons who took fifty-cent single trips in 1896, would take at least as many fifty-cent round trips by the Express Post of my scheme. It seems also reasonable to believe that the stimulus offered to long-distance travel by our uniform fares of one dollar for any length of trip by ordinary cars on the fastest trains in the world, would call out half as many such

travellers as there were fifty-cent travellers in 1896. If these estimates proved correct, the results of the application of my scheme to the ordinary passenger traffic of the country would be as follows—(one ten-cent trip equals two of five cents; one fifty-cent trip two of twenty-five cents) :

SINGLE PASSENGER TRIPS.			RECEIPTS.
9,442,540,000	at	5 cents.....	$472,127,000
1,023,545,474	at	25 "	$255,886,368.50
255,886,368½	at	$1.00	$255,886,368.50
10,721,971,842½			$983,899,737

Average tax less than ten cents per passenger. Add to these figures the income from parlor- and sleeping-car travel, from the transport of baggage, of the mails, and of express matter, and the total earnings from our passenger equipment under the management of the Post-office could not be less than $1,100,000,000 annually. And to handle this enormous passenger traffic with our present car equipment, it would not be necessary to get as much service out of the average car as the New England Road got out of its electric-motor cars during the period May 24 to Nov. 1, 1897. If each of our 25,000 passenger cars averaged but 430,000 passengers a year, the total would be 10,750,000,000.

H. G. Prout, comparing English and American Railways, in *Scribner's Magazine* for October, 1894, says that the Englishman's advantage over his American brother as to safety of railway travel is

as sixteen to one. The Englishman, moreover, pays a much lower transport tax than does the American. In the United States, the minimum regular fare is two cents a mile, and the short-distance passengers, who make up the bulk of the travel, pay more. In England the uniform third-class tax is two cents, and excursion rates bring down this tax in many cases to .67 of a cent a mile.

From New York to Boston the fare is..... $5.00
The English rate would be..... $4.26
New York to Albany $3.10
English rate, the same distance .. $2.46
New York to Philadelphia..... $2.50
English rate..... $1.84
Chicago to Milwaukee $2.55
English rate..... $1.70

And Mr. Prout quotes Carroll D. Wright to the effect that the English workman, with no tariff to hinder his trade with the outside world and with these lower railway tariffs, is able to allow his family $23.55 a year to spend in amusements and vacations, while the family of the American workman, closely confined to his Home Market by custom's tariffs and high railway tariffs, can afford to expend but $14.48 a year upon similar pleasures.

Fortunate, however, as the Englishman may be in these respects, the London County Council reported, in 1893, that the railway tariffs levied upon the London workingman were, on an average, 78 per cent. higher than the tariffs imposed by the state rail-

ways upon the workingmen of the Continent, and the report went on to say: "It is difficult to conceive on what possible plea the legitimate demand for a more equitable adjustment of these charges can be resisted. However the question may be viewed, the reasons which plead for this much needed concession, whether moral, social, or economical, are irresistible; and even the narrow, selfish interests of the shareholders may be forcibly appealed to in favor of it. If a workman's train has to be run, it makes no difference to the company whether a workman enters it at starting or near the end of the journey; where he enters it, in no way affects the expense of running the train. Therefore any reduction in fares which induces large numbers of workmen to reside eight, ten, or more miles from their work instead of close to it, would, notwithstanding a general reduction in rates and independently of the increased numbers that might be induced to use the line, return more revenue for the longer distance, at the reduced rate, than for the shorter ones, at the present high rates, and the difference would be all profit, accompanied by the advantage of greater convenience in conducting the traffic through the distribution of the passengers over many places instead of being concentrated in almost unmanageable numbers in a few."

In behalf of the proposition that the way traffic, the short-distance traffic of a railway, will always make up the bulk of its business, the report of the New York Central Road for 1897 affords valuable

testimony. The short-distance travel on that great through road, for the year ending June 30, 1897, was seven times its through traffic. The number of travellers between New York and Buffalo only averaged 278 daily; they could be comfortably seated in one train. The proportion of through journeys to way journeys was but as 1 to 114; the average passenger trip was a little less than thirty miles.

As to the wasteful use of passenger equipment under a policy that would prevent a man who lives in one town from finding employment in another, most interesting evidence can be obtained from many of the railroad reports of 1897. Thus the Erie trains ran with an average of less than ten passengers in a car and less than forty-six passengers in a train; less than one sixth of the seats in the average car were occupied, and the average train-load was less than one tenth the capacity of its locomotive. The Louisville & Nashville hauled average trains of 5.11 cars, with less than ten passengers in a car. The locomotives of the Wabash Road hauled behind them average trains of 4.55 cars with less than nine persons in a car. The six-car trains of the Oregon Railroad and Navigation Co. carried less than sixty persons; out of over 300 seats, 240 had no occupants. The Minneapolis & St. Louis Road averaged but 32.72 passengers on a train of 4.22 cars, with seats for at least 200, etc.

The following brief table taken from the sum-

mary of operating expenses and fixed charges of the *Interstate Report* of 1893, affords a graphic illustration of the relation of the passenger train-load to the cost of the service rendered the individual passenger.

NAME OF ROAD.	Cost per Train-mile.	Cost per Passenger-mile.	Average Number of Passengers per train.
	Cents.	*Cents.*	
Genesee & Wyoming Valley	95.24	67½	about 1½
New York, New Haven, & Hartford	98.	1.305	75
Florida Southern	98.5	6.25	16
Chicago, Burlington, & Quincy	96.	2.139	47
Canadian Pacific	95.	1.88	50
Union Pacific	94.	2.08	45
Charleston, Cincinnati, & Chicago	98.	6.07	15
Savannah, Florida, & Western	98.3	3.5	28

The cost of the operation of the average passenger train, including its share of fixed charges, is practically the same on each of these eight lines, but the cost—to the road—of the transportation of the individual traveller on the little way road, the Genesee & Wyoming Valley, is fifty times, on the C., C., & C. and the Florida Southern, five times, on the Savannah, Florida, & Western, nearly three times, and on the C., B., & Q. and the Union Pacific about sixty per cent. more than that on the New Haven Road. It actually costs more to transport

the Genesee traveller over the five and a half miles of his road than to transport the New Haven's traveller over the 232 miles of its main line New York to Boston. Why this difference? Simply that the one train is run for the benefit of one man and an occasional friend while the other serves seventy-five persons. The cost to the New Haven would remain practically the same if its train-loads consisted of 200 passengers making average trips of ten miles instead of seventy-five passengers averaging trips of between eighteen and nineteen miles. In the former case, however, the cost of the service rendered the single traveller would be less than five cents, and the cost would be the same wherever the passenger took the train and wherever he left it. Make the fares five cents per trip on ordinary trains, and the train-loads of the country will average two hundred passengers.

LETTER AND PARCEL RATES.

The practicability of a one-cent letter rate has long been acknowledged. In his report of 1896, Postmaster-General Wilson says: "It is CERTAIN that a one-cent letter rate, the cheapest postage in the world, would yield a large profit," and he adds that the only thing which prevents the adoption of this profit-bringing-one-cent-an-ounce letter rate is the deficit-causing-one-cent-a-pound rate on second-class matter. Mr. Wilson was altogether wrong, however, as to the cause of the annual eight to ten

million dollars deficiency in the business of the Post-office. It is not due to the one-cent tax levied by the Government upon publishers and newsdealers for the transport of newspapers and paper-covered books, but to the eight-cents-a-pound tax levied upon the Government by the railroad for the transport of United States Mail-bags.

The situation was well stated by Senator Gorman of Maryland, in his speech on "Railway Mail Compensation," in February, 1897, when he said: "The fact is, Mr. President, that the great power of these corporations who control everything, who are powerful enough to make and unmake public men, is so omnipotent that no executive officer has been found in the last twelve years, except in the single case of Postmaster-General Vilas, who has attempted to reduce the compensation for mail transportation, and within six months after he had left the Department, every economy which he introduced had been wiped away, and the companies received not only what they had received before, but their compensation was increased, and never during his long service in this body,"—the United States Senate—said the honorable Senator, "except in this one instance, did he know of a Postmaster-General who had made *bona fide* effort to control this railroad extortion which everyone knows to exist."

The attitude of the railroads toward the Government was also very clearly set forth when Manager

McBee of the Seaboard Air Line, being caught in the act of stuffing the mails—or his agents being caught—during the quadriennial weighings, excused himself and his agents with the plea that there was no law against it, and, in any case, his Line was only following methods common to all the railroads.—*Congressional Record*, February 24, 1897, page 2308.

But we have still further testimony against the position that the annual postal deficit is due to the low rate on Second-Class matter. In his report of 1889, Postmaster-General Wanamaker makes the average carriage of a piece of postal matter 442 miles. 10.4 per cent. of the mails is carried but 25 miles; 24.7 per cent. travels 125 miles; 24.4 per cent. goes, on an average, 350 miles; 23.3 per cent. is carried 750 miles; and but 17.1 per cent. of the weight of the mails is carried, on an average, 1500 miles. Nearly 60 per cent. of our mail-bags travel within zones of 350 miles, and the proportion of short-distance postal exchanges would undoubtedly be much greater were not the Government underbid by the express companies.

"Within a radius (within zones) of 500 miles," said Mr. Loud, House Chairman of the Post-office Committee of the Fiftyfourth Congress, "the express companies to-day are carrying the matter—second-class matter—(domicil to domicil) for a fraction under one cent a pound. Beyond a radius of 500 miles they dump it on the United States Government for transportation."

If there be further need of illustration of railway discriminations in favor of private express companies and against the Post-office, the following case may be of interest. The Mississippi Valley Medical Association met at Louisville, Kentucky, October 4–8, 1897. On that occasion a special label was issued marked "Magazines Prepaid, Special Second-Class Matter, One Cent a Pound," and on magazines—paper-covered books bearing this label, the rate by express was but one cent a pound from all points west of Pennsylvania and Ohio and East of the Rocky Mountains, including Denver to Louisville. Reckoning this business done on the basis of the contract made between the Adams Express Company and the New England Road, of July, 1897—forty per cent. of the gross earnings of the express company to go to the railroad—this second-class matter was carried by the railroads for the express companies for $\frac{4}{10}$ of a cent a pound.—See *Report of New England Road*, October 28, 1897, page 12.

Taking, then, 442 miles, about the distance from New York to Buffalo, as the average haul of a mail-bag (the average haul of a postal-car in 1894 was but 170 miles), we find that the railroads tax the Government $160 a ton for a haul that, in the days before the building of the Erie Canal, cost private individuals, by ox-team and sailing vessel, but $100, while they carry second-class matter, distances up to 1000 miles or more, on occasion for express companies, for $8 a ton. We may safely

say, I think, that railroads do not make contracts to carry express matter for less than the cost of the service rendered. And since they charge the express companies but $8 for carrying second-class matter while they charge the Government $160 for carrying all classes of mail matter, it therefore follows that the railroads tax the Government twenty times the cost of the service rendered the Government in the transportation of its mail-bags. Government management of the railroads, we may safely conclude, would save to the people full twenty million dollars a year in mail transportation.

Is further evidence needed to confirm this statement? Then please note the following: The records of the Interstate Commerce Commission show that the Texas Pacific and the Southern Pacific Railroads carry foreign hats and caps, boots and shoes, cashmeres and laces, cutlery and ordinary hardware, from New Orleans to San Francisco, for $\frac{8}{10}$ of a cent a pound, and the business has proved so profitable that, after years of litigation, these roads have at last secured from the Supreme Court of the United States a decree allowing them to continue these rates on these foreign goods, while they are at the same time permitted by the Court to charge three or four times as much for a similar service rendered to native goods of a similar description.

If it is a profitable business for these railroads to carry these foreign goods across the Continent for

$\frac{8}{10}$ of a cent a pound, is it not certain that, under the Government management of the railroads, the cost of the service of transporting Government mail-bags, average hauls of 442 miles, would be as low as $\frac{4}{10}$ of a cent a pound?

Again, the regular rate of the Adams Express Company, New York to New Haven, on forty-pound packages, is but one cent a pound, on seventy-five pound parcels, $\frac{2}{3}$ of a cent a pound, and on one-hundred pound parcels, but $\frac{1}{2}$ a cent a pound. The rate per hundred, New York to Boston, is but one cent a pound—$\frac{4}{10}$ of a cent a pound to the railroad? to Philadelphia, $\frac{3}{4}$ of a cent; to Cleveland, $1\frac{3}{4}$ cents; to Cincinnati, two cents. From New York to Elizabeth, Newark, Rahway, and several other places in New Jersey, the rate per hundred is but $\frac{4}{10}$ of a cent a pound, while from New York to Jersey City it is but twenty-five cents. If the railroads get but forty per cent. of the tax on this $\frac{4}{10}$ of a cent a pound express matter sent from New York to these New Jersey towns, then their share of the receipts is but but $\frac{1}{6}$ of a cent a pound. The census of 1880 had a very interesting note on the express companies of the United States. It is found in Vol. IV., page 855, and it is to this effect: "The express companies of the United States are but joint partnerships, and pay taxes neither on their capital stock nor on their business; their officers are perpetual, and not affected by any election through stockholders, it

not even being the custom to call stockholders' meetings." It would seem that, already seventeen years ago, these associations had attained to the position of the despotic governments of the Orient. They were responsible to no one. Their business was that of collecting transport taxes, and those taxes were levied at their free wills. Their Government was perpetual, and we have reason to believe that their ancient status continues, for the Interstate Commerce Commission decided as long ago as December 28, 1887, that these companies were forgotten by the legislators who drew up the Interstate Commerce Act.

But to continue our argument. Up to the spring of 1897, the milk rates on the railroads supplying New York City from the West of the Hudson had, for many years, been uniform within zones constantly widening, and finally extending up to 396 miles. These rates—32 cents for 40 quarts of milk, fifty cents for 40 quarts of cream—were the same whether the product was carried in cans or in bottles. A 40-quart can filled weighs, however, only about 100 pounds, while the same amount of milk or cream carried in bottles, crated, weighs about 220 pounds. Figured in pounds, the railroad rates were, therefore, $\frac{1}{2}$ a cent a pound on cans of cream and less than $\frac{1}{3}$ of a cent a pound on cans of milk; on bottled cream, the transport tax was less than $\frac{1}{4}$ of a cent a pound, and on bottled milk less than $\frac{1}{6}$ of a cent a pound. This milk and cream, moreover, was carried on trains making

passenger time, and these rates included the return of the empty cans and bottles. In his brief in the Milk Case, tried before the Interstate Commerce Commission, in the winter of 1895–96, Joseph H. Choate proved that the profits of this business were from 200 to 300 per cent. The average milk car, on the Erie Road, made net earnings of over $10,000 a year. On the D., L., & W., the profits were so great that the managers of the road paid their Milk Contractor, Westcott, a clear salary of over $50,000 a year for his valuable services.

Note also the following advertisement of Express Service, Door to Door, New York to London, lately issued by Messrs. Davies, Turner & Co., of 27 State Street, New York.

NEW YORK TO LONDON.
Via Southampton, Americau Line of Steamers, Sailing Wednesdays.

2 lbs.	5 lbs.	10 lbs.	25 lbs.	50 lbs.	100 lbs.	$1 for each additional 100 lbs.
25 cts.	35 cts.	50 cts.	$1.00	$1.50	$2.25	(1 cent per lb.)

and the following, by C. B. Richard & Co., 61 Broadway, New York:

GREAT REDUCTION IN EXPRESS RATES TO LONDON
Via American Line, every Wednesday.
LONDON DELIVERED.

2 lbs.	5 lbs.	10 lbs.	25 lbs.	50 lbs.	100 lbs.	$1 for each additional 100 lbs.
25 cts.	35 cts.	45 cts.	90 cts.	$1.40	$2.35	(1 cent per lb.)

and this concern carries packages to any place in Great Britain and Ireland at the following rates:

1 lb.	2 lbs.	5 lbs.	10 lbs.	40 lbs.	100 lbs.	$1.90 for each additional 100 lbs.
45 cts.	55 cts.	65 cts.	80 cts.	$2.00	$3.60	

I also recall the fact that, within the limits of the German Empire, the postal rates on parcels up to eleven pounds in weight, domicil to domicil, are but 6¼ cents for distances up to 10 miles, and but 12½ cents for greater distances.

I have told elsewhere (page 97) of the parcels post experiment, commenced by the Great Eastern Railroad of England less than two years ago. At the half-yearly meeting of the company, in July, 1896, the manager, Lord Claude Hamilton, announced that the scheme was already a success. "The [London] householder sends his order to such farmer as he may choose for butter, eggs, poultry, vegetables, and farm produce generally. The farmer fills the order, packing the box—furnished by the company at cost—himself, and handing it over to the company for delivery. [A box 10 inches by 7½, and three inches deep, costs 3 cents; the largest box used, a very capacious article, costs but ten cents.] There is a uniform charge of EIGHT CENTS FOR TWENTY POUNDS, IRRESPECTIVE OF DISTANCE. The limit of weight allowed is 60 pounds, and the company will take a parcel of this weight from any point on its lines to Lon-

don for 24 cents, and deliver the parcel in its own wagons without further charge anywhere within three miles of its central station.

The consignments are carried by express trains, and are usually delivered on the day of transmission. Not only does the consumer get fresh garden products at a minimum price, he also saves the middleman's London charges. The wholesale and retail men are eliminated. One of the leading officials of the company says of the scheme: "We have a tremendous residential population along the London end of our line, and this scheme was largely devised in its interest, and in the interest of the farmer as well, I may say. The farmer gets better terms for his product, while the reduction in cost to the public is very considerable. When our scheme is more widely known, it will, I believe, contribute largely to revive farming in the eastern counties. Our list of farmers, who have engaged to supply the London consumer, ranges over Cambridgeshire, Essex, Hertfordshire, Huntingdonshire, Norfolk, and Suffolk, and we bring parcels of fish from Lowestoft and Yarmouth to London at much the same rates. The Londoner is already taking very kindly to the scheme. I have evidence that it has saved money to many an anxious, overburdened London householder, who by its means gets his larder stocked with necessaries at far cheaper rates than if he dealt with the London markets and shops. The one thing necessary is that the scheme should be more widely known.

The farmers sell their produce at prices which would open the eyes of the average housekeeper, and cheaply as the farmers do it, they reap, nevertheless, a substantial profit, and there is absolutely no trouble attending the matter; it is easier for a housewife to send her order down to Essex or Norfolk than to go and buy at the stores at the nearest market. The farmers despatch promptly, and what with our express trains and swift vans, the produce is at the housewife's door in a few hours. I may say that the traffic is not particularly remunerative at present, nor do I think that—*per se*—it will ever be a highly paying traffic, but it will pay indirectly by giving vast encouragement to dairy farming, and by spreading great prosperity throughout the district which the Great Eastern serves."—*Report U. S. Department of Agriculture*, 1896; page 97, "A General Freight and Passenger Post."

The *R. R. Gazette* of New York, of October 12, 1897, quotes W. M. Acworth as saying that in 1896 no less than 60,000 packages of agricultural produce were handled by the Great Eastern Post, and that whereas in the first two months of 1896 the Great Eastern handled but 3000 of these packages, in the two corresponding months of 1897 the number was 12,000. It is reported that the Scotch roads are about to reduce their agricultural rates one half.

Contrast the broad, liberal policy of this Old England Railway with the narrow, petty policy of the . . ., that "Grasping Corporation" which

holds in its Pool practically all New England. The Royal Ruler of the New England Highway charges 10 cents for the care of the smallest parcel at his tax-collector's stations, and this even if the parcel remains in his care but ten minutes. Note, too, his tax on suburban parcels: to stations within distances of 17 miles, on parcels up to 25 pounds in weight, 15 cents; on the same parcels to stations 17 to 26 miles distant, 20 cents; and to stations above 26 and under 34 miles, 25 cents; double and triple the transport taxes levied by the Great Eastern Railroad for a much greater service. It even charges a tax of 1 cent on all newspapers sold in its stations or on its trains.

This proposed Bill will take from our Railway Kings their present power of holding up the traveller and confiscating his produce, and will secure to our people a prosperity as much greater than that promised by the Great Eastern Railway of England to its patrons, as is the territory which the Bill covers and the population it proposes to serve.

Harper's Weekly, of August 21, 1897, reports that the recent experiments in the free delivery of rural mail matter have resulted very much to the satisfaction of the Post-office Department. The farmers are especially pleased with the new service. "It is found that they take many more newspapers when they can have them delivered, and also that the number of letters shows a vigorous increase. The rural carrier makes one trip a day over a distance of sixteen to twenty-four miles. He supplies

his own conveyance—horse and cart or bicycle—and at rates of from $175 upwards, the average being about $300. It is estimated that, at that rate, $60,000,000 (about half the annual pension bill) would provide free rural delivery all over the United States. That would mean, among other things, employment for 200,000 persons." The same horse and cart or motor vehicle that collects and delivers letters and newspapers, can collect and deliver parcels up to sixty or even to one hundred pounds in weight, with no extra cost for the driver and but very little extra cost for the team. I believe it altogether possible within the next few years to secure a house-to-house parcels post within the entire territory served by the United States Post-office as cheap as the present express between New York and Jersey City—twenty-five cents a hundred pounds. It requires no great stretch of the imagination to see this horse and wagon or motor-car used for the transfer of persons as well as of other mail matter between the different railway stations and the homes of the people, and thus to see the principle of equal door-to-door rates, suggested by Wellington on page 54 of his *Economic Theory of Railway Location*, carried out to its extremest limit.

I even expect to see a similar "Door-to-Door Parcels and Traveller's Post" adopted by the United Nations of the World.

The section of this bill guaranteeing to the holders of railway securities a return on their invest-

ments equal to the average annual return of the seven years ending June 30, 1897, has been sharply criticised by some of my friends as too liberal to railway investors, too burdensome to the public. I should be glad to accept any amendment to this section that would be more just to the public, provided that the bill thus amended could be carried through Congress, and pass the scrutiny of the Supreme Court.

It has been suggested that the Government should take possession of the railroads, and should pay for them in Government checks redeemable on demand in railway services. It has been further suggested that these Government railway checks would form a money of the highest intrinsic value. —(See pamphlet by Henry Allen Bell, Springfield, Illinois, *The New Idea.*) There is something very attractive in these suggestions. As to paying the private owners of these public highways in checks entitling the holder to such use of these public highways as is provided for under this bill, the plan has the merit of the highest railroad precedent. It would, indeed, be nothing more than paying for the railroads in railroad coin, pure money from the railroad mint. It is the regular practice, the long-established custom for railway managers to pay for services rendered in paper checks (not transferable, however) entitling the holder to free rides or to very similar privileges as to freight. Passes are the standard coin in which, according to the testimony of the officers of a leading road, all the rail-

roads of New England are accustomed to pay for the services of those whose influence is of importance to the railroads. The same currency is in common use in payment for advertisements, etc.

It is only necessary that these checks should be issued by the National Government and be made transferable, to give them the character of money, and money of the highest intrinsic value. A paper dollar that would entitle the holder to the transportation of himself or of a ton of merchandise across the American Continent would have a value at least sixteen times as great as that of 25.8 grains of the purest Klondyke gold. This dollar, moreover, would constantly appreciate in value as the transportation system of the country developed and as it extended its services by union with its neighbors. And as country after country joined the International Transportation Union, the international transport checks, issued by the different countries, entitling the holder to transportation for persons and for merchandise from any one station in the country of its issue to any station in any other country within the Union, these international checks would form an international currency vastly better than a currency based on any metal. Such a currency would always be at par.

This plan of paying for the railroads in railroad services has the further merit that it would cost the public very little. Extended, as it should be, over a considerable period, say fifty years, the additional

loads to the Government trains occasioned by the transportation of the passengers and the merchandise carried on the checks—paper dollars and parts of dollars—issued by the Government to represent the guaranteed interest, and the two per cent. of the principal taken up year by year, these additional loads to the Government trains would hardly be noticed in the immense volume of business that would spring up under the new conditions.

There is to my mind something worse than puerile in the mad rush into the regions of Arctic cold for gold. It is not worth the lives that it costs. What is there, indeed, in either the white or the yellow metal that makes them of more real value to the modern man than were the black and white shells—the wampum—which, in the olden time, the American Indian used for money? Can either gold or silver be used for food or shelter or raiment? Forty years ago, when California and Australia were sending out their floods of the yellow metal, several of the rulers of Europe became so frightened at the thought of its possible depreciation that they demonetized it. It is altogether possible that, in the not distant future, both gold and silver will become so plentiful that neither will have any value as money other than that given to it by Government fiat. The true basis for money is some common want, and there is no want more universal than that embodied in our public agencies of transportation and communication. The railways are the circulating system of a country; the tracks are the

arteries and veins; the trains are the life-bearing current; the passengers and merchandise in the trains are the life itself. A money currency based on the movements of persons and of merchandise by transport agencies owned and controlled by the government of a nation, would be based on the life of that nation.

That this Royal Highway Business is a governmental function, the especial function, moreover, of National Governments, is no longer a matter of doubt. George R. Blanchard has clearly indicated the railroad legislation needed in this country, in his quotation from the Report of the Committee of the German Empire, prior to the purchase of its main railway lines. Although noted but a few pages back, it will bear repetition. "The uniting of the property, of the traffic and of the management of the inland main lines under the strong arm of the state, are the only efficient and proper means to solve the task."

The Germans acted on the advice of this committee, and experience has proved their wisdom. As long ago as September, 1894, Gustave Cohn, writing in the *Economic Journal*, on "The Railways and Waterways of Germany," said: "The Government of Prussia not only succeeded in buying up the railways from the chartered companies in the open market and at very liberal prices, but the financial results of the annual net return of the railways was so remarkable that the Railway Administration, after paying the interest on its loan

capital, handed over during the period 1887–1892 £42,000,000 towards abolishing the National debt, and for the general needs of the state. And this went on hand in hand with considerable reductions in passenger rates, and especially in rates for goods' transport."

And in his report for October, 1897, Consul Monaghan gives similar testimony: "State Ownership of Railways," he says, "plays a very important part in Prussia's finances. Earning enormous sums, serving commerce and manufactures in times of peace and all strategic purposes in times of war, they have more than justified the arguments that urged the Government to own them, and the liberal policies that constructed and developed them in all parts of the empire. More than one half of Prussia's income is derived from railroads. In the year ending June 30, 1897, after putting aside $4,760,000 for the disposition fund, the railroads paid full one half of all other Government expenses. Of the $23,800,000 surplus noted in the 1896–97 returns, more than half had its origin in the surplus of the railroads. No other branch of public property pays so surely and so well. The certainty of the receipts, the amount, the ease with which they are obtained, and their cash character render them the most useful of all the moneys turned into the public treasury. The tendency all over the Empire is toward State and City ownership of all kinds of transportation facilities, roads, railroads for steam, horses, electricity, etc., as well as

of telephones, telegraphs, and other means of communication."

The latest reports from New South Wales tell a similar story as to the results of the public ownership of the Royal-Railed Highways of that democratic state.

It is said that the last of the important private railroads of Belgium, The Belgian Grand Central Road, will soon become the property of the Belgian people.

"The National Council of Switzerland has followed the referendum vote in favor of the public ownership of railways by the adoption of a bill providing for State purchase at a figure approximating twenty-five times the average annual net earnings of the roads during the past decade. In other words, the Government assumes that the value of the roads is the sum upon which they have been yielding four per cent. to their owners. There will be no such scandals as occurred when the English Government bought out the telegraph companies, paying for some of them double their market value a few months before their purchase. In Switzerland such plundering of the public is, of course, impossible, as the terms of the purchase will have to be submitted to popular approval, and the general public in Switzerland has no disposition to enrich the security owners at its own expense. Representatives may thus sacrifice the public, but the public will not sacrifice itself. The aggregate sum named for the purchase is $186,000,000. This

will increase the public debt (now $15,000,000) from $5 to $67 per capita, but inasmuch as the public is now paying four per cent. interest on the railway securities, and hereafter will have to pay but three and one half per cent. on its own bonds covering them, there is a prospective decrease in the public burdens. Doubtless the present financial success of the Prussian State Railway System had much to do with the movement for public ownership, but a still stronger impulse was the desire for uniformity of tariffs throughout the country, without discriminations between places and persons, and the cheapening of transportation for workingmen and persons of moderate means. These were the first 'beneficial effects' of state ownership in Prussia, and they will doubtless be the first beneficial effects of the same system in Switzerland."—*The Outlook*, October 16, 1897.

That clear-sighted statesmen very early saw the fearful mistake that had been made in giving the railroads of England into private hands is proved by the following quotation from Lord Macaulay's speech on "The Ten-Hour Bill, delivered in Parliament, May 22, 1846.

"Fifteen years ago," said the distinguished historian, "it became evident that railroads would soon, in every part of the kingdom, supersede to a great extent the old highways. The tracing of the new routes which were to join all the chief cities, ports, and naval arsenals of the island was a matter of the highest National importance. But, unfortu-

nately, those who should have acted for the nation refused to interefere. Consequently numerous questions which were really Public Questions, Questions concerning THE PUBLIC CONVENIENCE, THE PUBLIC PROSPERITY, THE PUBLIC SECURITY, were treated as private questions. That the whole society was interested in having a good system of internal communication seemed to be forgotten. The speculator who wanted a large dividend on his shares, the landowner who wanted a large price for his acres obtained a full hearing, but NOBODY APPEARED IN BEHALF OF THE COMMUNITY. The effect of that great error we feel, and shall not soon cease to feel."

That this great error has not been rectified in the half century since Lord Macaulay's notable speech has been due to several causes. In the first place England is an island, and her chief industrial centres, connected by water roads (by sea and canal), open the year round, are to a great degree independent of the railroads. The splendid macadam roads, already in existence when Stephenson built his first Royal-Railed Highway, have also served to save the English people from the absolute dominion of Stephenson's successors. Then, again, her freedom from the custom's tariffs usually levied by the nations of the earth upon their foreign trade, has largely counterbalanced the evil influence of the heavy railroad tariffs levied upon the inland trade of England. Almost from the very birth of the railway, moreover, the English railway man-

agers have been a paramount power in the English Parliament, and they have skilfully parried attacks upon them. Some of them, too, have had the wit, as in the case of the Great Eastern Road, to make timely concessions that have quieted public clamor. The trend of things, however, is unmistakable, and England must, sooner or later, bring her railroads under the direct control of the State.

The time cannot be far distant when the Royal-Railed Highways of every nation will be under the direct control of the national government. When the United States assumes the control of its railways, the application of the postal principle to the determination of railway tolls will be a natural sequence.

In his great speech in favor of a uniform two-cent letter rate, delivered in Congress, February 21, 1849, Congressman Palfrey of Massachusetts spoke as follows: "The idea of charging higher postage on a letter on account of the greater distance it travels is an absurdity. Why should I pay more for a letter from here to New Orleans than to Baltimore? Because of the greater utility and value of the former or because of the cost of its conveyance? The former may undoubtedly be far the less important of the two, and as to the cost of conveying it a longer distance, it is nothing, or if anything so little as to be inappreciable."

The long routes are all made up of a series of short ones. Whether the letter or the 10,000 letters mailed at Boston shall stop at Worcester or go on

to Galena, will not make one dollar difference in the contract. Says Rowland Hill, it is not a matter of inference, but a matter of fact that the expense of the Post-Office is practically the same whether a letter is going from London to a village 11 miles distant or to Edinburgh, 397 miles. The difference is not expressible in the smallest coin we have. The average cost of the transportation of each letter, taking all the mails in the kingdom, is estimated at one ninth of a farthing. At this rate, the average cost of the transportation of an half-ounce American letter is about one half a mill, a rate which it is idle to think of graduating by distance.

At ten cents a mile for the transportation of a mail-bag, it may cost the Department a dollar to carry a single letter ten miles, while 10,000 letters in another bag are carried at the same rate one hundred miles, each costing for ten times the distance only one thousandth part as much.

The Assistant Postmaster-General, in his recent letter (page 31) presents the argument by which the principle of a uniform rate of postage in England is sustained, viz.: "An average rate that will, in the aggregate, defray the whole cost of transportation on the short routes, will in the aggregate defray the whole cost of transportation; for the whole service consists, in their respective localities, of short routes. That circumstance causes no additional expense, consequently there is no reason, looking to the cost of transportation as the only

cost of postage, for making any further charge upon letters hauled over long distances. Mr. Speaker, if I had the time, I should not know where to begin to enumerate the blessings of which this single agency of a Reformed Postage System would be a certain source, in such grandeur and beauty does the prospect open before one's view. As to influence on our industrial prosperity, how mightily would it operate on the activity of business and accordingly on the wealth of the nation! But this would not be the whole of the benefit nor the best part. How would science, letters, invention, benevolent enterprises rejoice in this privilege of freer communication! What an intellectual action it would quicken in every class! I think very much of colleges. I dearly love common schools, but I shall not, at present, undertake to say that CHEAP POSTAGE will not turn out to be an institution for education more efficient than any other. It would set everybody to learn to read and write. Those who had not already learned and those who had; it would teach to describe and narrate and think, and would excite them to study and observe. I cannot tell how soon it might be a question whether the mariner's compass or the art of printing had changed the condition of man more than a good system of postage. Then as to its bearing on the cultivation of the affections; no consideration could be more fit to be presented here, for a man must be far too stupid to have a place in this Hall who does not see its

profound and intimate connection with all the sources of a nation's welfare. Friends, brothers, and sisters, even parents and children, separate to pass the rest of their lives apart. Why is it that, in time, they become almost strangers to one another? Young men and women leave their homes for business, for service, for school. Why does not a letter sent and received two or three times a week, every day, keep up their interest in their homes, renew constantly a pure enjoyment and afford the best security against every moral danger? Simply because it would cost too much time and money. Never was a simpler mechanism devised for working out great and good effects. A more beneficent agency can scarcely be imagined, and before long this nation and Christendom will say so."

Every word of this grand utterance of the noted historian of New England applies to our proposed postage scheme, but with ten thousand times greater force. The choice is before us. On the one hand we have this bright picture portrayed by Palfrey, on the other the fearful contrast painted by the graphic pen of Lloyd. I will not doubt the issue.

CHAPTER VI.

PRUSSIAN RAILWAY ADMINISTRATION.

THE *Annals* of the American Academy of Political and Social Science, for November, 1897, contains a most interesting paper on Prussian Railroad Administration, written by Dr. B. H. Meyer, of the University of Wisconsin. This paper is of such inestimable value in view of our proposed scheme of government management of railways that, with the permission of Dr. Meyer, I shall give a part of it to my readers :

"On the first of April, 1895, there were in Prussia 2200 kilometres of private and 27,060 kilometres of state roads, all, however, subject to the double control of the government and of the people.

"On the one hand we have a group of organs which represent railroad interests in particular, and which take the railroad point of view. The Minister of Public Works, the railroad directories, the general conference and tariff commission, and the Society of German Railroads fall into this group, although the two latter stand in a measure on the border line, and of them are none confined exclusively to railroad interests. Legal responsibility is

powers that would probably be exercised in this country by our state and municipal officers." Dr. Meyer characterizes these directories as general administrative organs, one of whose chief functions is the proper co-ordination of all the parts of the railroad system.

"Below and subordinated to them are special administrative organs, upon whom falls the duty of local adaptation and supervision. There are six classes of these local offices, whose functions are quite clearly indicated by their names—operating, machine, traffic, shop, telegraph, and building. Special instructions are sent to each class of these offices from the Ministry of Public works, setting forth (1) the position of the office in the railroad service, (2) its jurisdiction in matters of business, and (3) general provisions.

"One of the foremost duties of the local traffic office is to maintain a 'living union' between the railroad administration and the public. For this purpose the chief of the office is in duty bound, by means of personal interviews and observations, to inform himself concerning the needs of the service in his district, to investigate and to remedy complaints and evils without delay, and to take such measures as will secure the most efficient service. It is also one of his duties to inform the public concerning the organization and administration of the railroads, so as to avoid idle complaints. This single provision in the rules governing one of the local offices illustrates the spirit of them all."

So much for the direct, legal administration of the Prussian railroads. It is the object of our scheme to provide a similar system of administration for the railroads of the United States, modified as may appear to be necessary by our vast extent of territory and by our different system of government. And the business will be vastly simplified by the provision in our scheme which requires that the taxes levied for the support of our great National Highways shall be regulated by the representatives of the people assembled in their great National Council, and shall be determined on the postal—the cost of the service—principle.

That this great public business can be safely inaugurated and can be successfully managed by our National Government is beyond the question of a doubt.

We shall be greatly aided in our task, however, by continuing the study of the different organs which have been developed in the course of the growth of this admirable German railroad system.

The associations representing the different railroads, "The General Conference," which is composed of members representing all the German roads, whose votes are determined by the number of miles of road which each member who is present represents, and its subordinate bodies, "The Tariff-Comission and The Committee of Those Interested in Transportation," these bodies seem to have their prototypes in this country, and therefore demand little of our attention.

"The associations which especially interest the American are the democratic Advisory Councils, which although established in Prussia on a legal basis, and although composed in part of nominees of the government are yet essentially representative of the popular interests.

"Of these associations the most important is the national council, which is the advisory board of the central administration. The circuit councils, nine in number, are the advisory boards of the different railroad directories within their respective limits. The national council is composed of forty members, holding office for three years. Of these ten are appointed and thirty are elected by the circuit councils from residents of the respective districts, and represent agriculture, forestry, manufacture and trade according to a scheme of representation published in a royal decree. Of the appointed members, three are named by the minister of agriculture, domains, and forests; three by the minister of trade and industry; two by the minister of finance; and two by the minister of public works. An equal number of alternates is appointed at the same time. Direct bureaucratic influence is guarded against by exclusion from appointment of all immediate state officials. The elective members are distributed among provinces, departments, and cities, by the royal decree just referred to, and both members and alternates are elected by the circuit councils. The presiding officer and his alternate or substitute are appointed

by the king. In addition, the minister of public works is empowered to call in expert testimony whenever he may think it necessary. Such specialists, as well as regular members, receive for their services fifteen marks (about $3.60) a day and mileage.

"The national council meets at least twice annually, and deliberates on such matters as the proposed budget, normal freight and passenger rates, classification of freight, special and differential rates, proposed changes in regulations governing the operation of the roads, etc. It is required by law to submit its opinions on any question brought before it by the minister of public works; or, on the other hand, it may recommend to the minister anything which it considers conducive to the utility and effectiveness of the railroad service. Its proceedings are regularly submitted to the Landtag, where they are considered in connection with the budget, thus establishing 'an organic connection' between the national council and the parliament. In this way the proceedings are made accessible to every one, and an opportunity is given to approve or disapprove what the council does through parliamentary representatives. The system is one of mutual questioning and answering on the part of the minister of public works, the national council, and the parliament."

How the circuit councils are chosen, Dr. Meyer does not tell us, but their underlying principle is "the representation of all the economic interests

in the conduct of the railroads. If a circuit comprises railroads covering territory of other German states, the chambers of commerce, industrial and agricultural societies of such territory may also be represented in the council. The minister of public works has power to admit other members, and frequently does so when the nature of the questions upon which the council deliberates makes it desirable.

"The circuit council stands in a relation to the railroad directory similar to that of the national council to the minister. The law makes it mandatory upon the directory to consult the circuit council on all important matters concerning the railroads in that circuit. This applies especially to time-tables and rate-schedules. On the other hand, the council has the right, which it frequently exercises, of making recommendations to the directory. The standing committee of the council is an important body. It meets regularly some time before the full council hold its sessions, and its proceedings form the basis of the deliberations in the council. The committee receives petitions, memorials, and other communications. The bearers of these are invited to appear before the committee and to advocate their cause. Questions are asked and answered on both sides, and after all the arguments have been presented the committee votes upon the petition or request, usually in the form of a resolution adopted by majority vote recommending the council to accept or reject the demands made in

the petitions. The action of the committee is reported, on each question, by a member designated for that purpose, to the full council at its next session. While the decision of the committee is usually accepted by the council, it in no way binds that body. Before the council meets each member has an opportunity to examine the arguments presented before the committee and the facts upon which its decisions are based. If the advocates of the petitions before the council present new evidence, or if the recommendations of the committee are shown to be unsound, the council simply reverses the decision of the committee.

"These advisory councils have spread into all the German states, also into Austria, Italy, Russia, Denmark, Roumania, and in a modified form into France. In composition and organization they are much alike. They owe their existence, however, not, as in Prussia, to law but simply to administrative orders. In Switzerland there are no real advisory councils, but the public is represented by the regular civil, commercial, and industrial organizations. These submit memorials to the Department of Railroads and Post. The wishes of the public as to the time and frequency of trains are presented regularly twice each year by the cantonal governments. The railroad department then calls a joint session of the representatives of the cantons and of the railroad companies, where these questions are considered."

That the state roads of Prussia are run rather in

the service of the public than for the purpose of taxing the public, as is generally the case with the private railroads of this country, is clearly brought out by Dr. Meyer in his account of the petition of the Chamber of Commerce of the Rhenish City ot Lennep in favor of reducing the classification of horseshoes. "The petitioners said that many of the factories were unfavorably located, and it was one of the highest duties of the state to promote industrial activity in regions which lie away from the great channels of trade, if it could be done without too great a sacrifice on the part of the public. The desired concession on the part of the railroads would do this. It was unjust for the representatives of the Saxon State railroads to assert, as they had done in the tariff commission, that the change in the classification of horseshoes would benefit the Rhenish industry only. Particularistic designs should not be suspected in a movement which was deeply rooted in economic necessities. The representatives of the Bavarian railroads had considered fiscal reasons only, but these alone could not be decisive. It would not be business-like for the state, in order to gain a temporary advantage, to sacrifice the very source of this gain. The railroads would fare worse with high rates and a stagnant industry than with lower rates and a prosperous industry, and it was safe to assert that the desired change would, through an increased output, ultimately yield a greater income to the railroads. The established system of rates would

not be prejudiced; besides, when the question of system is balanced against the welfare of an industry the latter should prevail. The nationalization of railroads was undertaken not for fiscal but for economic reasons."

The mere recital of the powers and duties of these popular railway councils is enough to prove their utility in the management of a national transportation system. The recital further suggests that, in our state legislatures, our municipal councils, and our various industrial organizations we have bodies already formed in this country that will be capable of acting as advisory bodies for our proposed postal directories. The governors of our different states, with the lieutenant-governors as alternates, might well act together as an advisory board for the Postmaster-General and his ten associates.

I am in hopes that, in a very few years, each of the different states will assume absolute control of their electric trolley lines, and, supporting them by taxes levied on the lands through which they pass and to which they give value, will make these state roads—these bridges between the worker and his work—altogether free of tolls. Then by connecting these free state roads with the system of interstate roads, managed by the National Government on the principles of our proposed bill, and with our ordinary highways well graded and macadamized, the United States will be provided with a reasonably fair system of public transportation.

One word more as to the Prussian system of railway administration. The *R. R. Gazette*, of December 24, 1897, states that the Prussian Minister of Public Works has recently given orders to the railroad directors under him to require those holding restaurant and buffet privileges at stations to furnish in the third- and fourth-class waiting-rooms, besides the higher-priced coffee, a cheaper coffee, of which a large cup with milk and sugar shall be sold for not more than fifteen pfennige (3.6 cents), and without milk for ten pfennige (2.4 cents), and the inspectors are to see that this cheaper coffee is of good quality and in sufficient quantity, especially when early morning trains are due.

He has also issued a circular on care for employes while resting at such times as they cannot be at home. "Efforts should be made," he says, "to provide proper shelter and an opportunity for warming their meals, making coffee, etc. Such provision should be and presumably is made in the baggage-car for train-men, but it is still more important to have it at stations and places where men work, where track-men and station-men may be compelled to wait long without occupation and to take their meals. Experience shows that at such times the men are especially liable to indulge in intoxicating drinks. This temptation should be lessened by giving the men clean and comfortable places to stay, stoves, etc., for warming the meals they bring with them and for making coffee. When this is

done, the railroad authorities can take severe steps against those who drink to excess. Further, a sharp watch should be kept on the station buffets, and the keepers of them who furnish drink as well as the offending employes should be complained of."

The regard for the poor and for employes expressed in these regulations is in striking contrast with the attitude of some of our private railway managers to the general public and to their employes.

But this business of public transportation reaches beyond the boundaries of nations. It is emphatically an international matter, a world business, and it was so recognized when the diplomatic representatives of Belgium, France, Germany, Italy, Luxembourg, Holland, Austria, Hungary, Russia, and Switzerland signed the "Convention internationale sur le transport de marchandises par chemins de fer," at Berne, October 14, 1890.

This treaty, it is true, deals, for the time, only with international freight, but that it must extend to cover the entire business of public transportation is certain. Every three years or sooner, if one fourth of the treaty-making states demand it, a general Congress must be called together, to consider improvements in the agreement. Any state may withdraw from the convention at the end of three years, on giving one year's notice, but no such notice has yet been given. Any violation of the treaty can be punished in the courts, and a

judgment having been rendered in one country, the courts of the others are bound to assist in its execution, unless the decision conflicts with their laws. But so far as a question of fact is concerned there is no appeal, and a German court is bound to accept the findings of a court in France. Germany, Austria, Hungary, Russia, Switzerland and, to a less extent, France have embodied provisions of the international code in their internal codes, thus leading to unification beyond the limits of international traffic.

"This international code governs all shipments of goods from or through one of the states to another. It provides for uniform through-bills of lading, prescribes routes for international traffic, fixes liability in cases of delay and loss, prohibits special contracts, rebates, and reductions except when publicly announced and available to all, and prescribes certain custom-house regulations.

"Not the least important feature of the treaty is the creation of a central bureau, organized and supervised by the Swiss Bundesrath, with its seat at Berne. The duties of this bureau are:

"(1) To receive communications from any of the contracting states, and to transmit them to the rest of them.

"(2) To compile and publish information of importance for international traffic, for which purpose it may issue a journal.

"(3) To act as a board of arbitration on the application of the countries concerned.

"(4) To perform the business preliminaries connected with proposed changes in the agreement, and, under certain circumstances, to suggest the meeting of a new conference.

"(5) To facilitate transactions between the railroads, especially to look after those which have been derelict in financial matters. After notice has been given by the bureau, the state to which the railroad belongs or by whose citizens it is owned, can either become responsible for the debts of the road or permit the expulsion of the road from international traffic."

This International Transportation Union covers a domain embracing nearly three millions of square miles of territory and two hundred and sixty millions of people. Well may Dr. Meyer say that it ranks in importance with the international postal, telegraph, and copyright unions; it far outranks them all.

But though all nations were united in a world-wide system of transportation and communication, and though each nation contributed its full share to the support of these united public services both on land and sea, even such an International Transportation and Communication Union would fall far short of its possibilities of human service so long as the tolls levied for the support of these public works were determined by the value of the service rendered to the individual rather than by the cost of the service to the different governments.

The utter lack of scientific method in the present

system of determining transport tolls is almost incomprehensible.

Although the analogy between the ordinary business of the postal departments of the nations and the general business of public transportation is absolutely perfect, no great traffic manager either of any private or of any state system of transportation seems to realize it. No officer either of any railway or of any state government seems to understand that in transportation both by railway and by steamer, the cost of the business is in the machinery and in the movement of the machine, not in the distance traversed either by persons or by produce on the machine.

The axiom, so clearly stated by the railway authority Wellington, in his *Economic Theory of Railway Location*, that a railway is a public-service machine built for the express purpose of equalizing opportunities for all mankind to labor and to enjoy the fruits of their labor, a machine, the cost of running which is practically the same whatever the distance a man or his produce may be carried upon it—this axiomatic truth still remains to be embodied in law and to be carried out in practice.

The absurdity of the present system of tolls levied by the common carrier was perhaps never more clearly set forth than in a letter written by a cotton manufacturer of Manchester, England, on the 20th of November, 1897, to the *Manchester Guardian*. It appears that English ships were at that time charging nearly sixty per cent. more for

the carriage of English cottons from Liverpool to Shanghai, China, than for the transport of American cottons, from New York *via* Liverpool to Shanghai.

The rates were 25*s.* 6*d.* per ton from New York.
" " " 40*s.* " " " Liverpool.

Including the toll on the raw material from New York to Liverpool, the discrimination against the English product was as follows:

	AMERICAN. Per piece.	ENGLISH. Per piece.	Difference.
	d.	*d.*	*d.*
12 lb. sheetings....	1.64	3.23	1.59
14 " "	1.91	3.75	1.84
14 " drills.....	1.91	3.75	1.84
8 " jeans.....	1.09	2.14	1.05

The letter closed with the statement that this discriminating tax levied on English goods by these English common carriers amounted to 7.12 per cent. of the wages of the operatives engaged in making the goods. The cotton manufacturers of England were then contemplating a five per cent. reduction in the wages of their hands. This manufacturer showed that if the English common carrier would serve his own countrymen on the same terms that he served their rivals, it would be possible to increase the wages of the English cotton operatives by 2.12 per cent., and at the same time

to sell English cottons at Shanghai at five per cent. below the then ruling prices at that port.

Early in January, 1898, there was a very general reduction in the wages of the cotton operatives of New England of from ten to eleven per cent., and it was said that if the cotton business of New England was to continue, the share of the operatives in the value of the goods they helped to produce would have to be reduced sooner or later by at least twenty-five per cent. This first cut in wages was made in the face of an increased cost of living estimated at thirty per cent. It will hardly require a twenty-five per cent. reduction in their wages to bring down the New England cotton operative to a condition quite as pitiable as that of the miners in the anthracite coal regions of Pennsylvania.

Would you seek out the causes of these evils? You will find the chief of them in the transport taxes across custom's boundaries and on either side of custom's boundaries, taxes always levied on the principle of exacting the very last drop of the life-blood of the victim.

Professor Hadley says: "The railroad and the steamship determine the location of industries quite as often as the government." When the government, the railway, and the steamship are combined for the destruction of any particular section, as would seem to be the case in the present instance, its doom must be surely sealed. The railroad is, however, practically the one deciding factor in the location of modern industries. Within very large

limits, the railroads of this country determine where steamers shall collect and deliver their loads. Combined with the steamships, as they generally are, they control the movements of the people and of their produce both by sea and by land. I am told that except for the combination of the railroads controlling the movements of cotton to Southern ports, it would be possible to get the raw material to the cotton-mills at Fall River, Mass., at very much lower rates than are paid at present. Vessels not in the combine cannot get cargoes. Abraham Hewitt attributes the decay of the heavy iron industries of the east to the costliness of getting materials together. The chief factors in that cost are transport taxes and customs taxes.

In February, 1889, some five hundred of the iron-masters of New England joined in a memorial to Congress in which they directly charged the Pennsylvania Railroad and its New England allies "with having apparently formed a deliberate plan to destroy the iron and steel industries of New England with a view to securing to Pennsylvania the manufacture, and to itself—the Pennsylvania road—forever, the transportation of her iron and steel goods. While it—the Pennsylvania-New England combination brings into New England manufactured iron and steel goods at comparatively low rates, and while it carries back to Pittsburgh, at the same or lower rates, the scanty supply of scrap iron and old rails produced in New England, and constituting almost the only available supply

of raw iron of the New England mills, it imposes a high freight charge upon the coke which forms the staple and only fuel for the steel making and foundry work of New England.

"The intention to keep raw material scarce and high, and to introduce manufactured iron and steel at low rates, until under the combined pressure of customs duties and discriminating freight rates, the New England iron and steel industries are killed off, is too clear to be mistaken."

And then the memorial goes on to say that the surviving mills engaged in heavy iron work in New England owed their existence chiefly to the fact that the manufacturers of New England "have through the compulsion of circumstances, been systematically engaged in the degradation of American labor in New England. A skilled operative in a New England rolling-mill does not, on an average, receive one half the pay that a man similarly employed in a Pittsburgh mill receives for the same work," and yet, says this memorial, the only cause for the decadence of the iron industries of New England is the prevailing system of transport taxation.

As long ago as 1871, the Railroad Commission of Massachusetts, headed by Charles Francis Adams, Jr., issued the following statement to the people: "All sums exacted from the community for transportation, whether of persons or property constitutes an exaction in the nature of a tax, just as much a tax as water rates or the assessments on property

or the tariff duties on imports. That it is wholly or in part a necessary tax, one which can, at most, only be reduced to a certain point, but never abolished, this in no degree affects the principle. IT IS STILL A TAX. The reduction of this tax to the lowest possible amount paid for the greatest possible service rendered, always observing, of course, the precepts of good faith and the conditions of a sound railroad system, this must be the great object which the Commissioners retain always in view."

And again they say that it is doubtful if this transportation tax weighs as heavily upon a farming and agricultural region (like the West) as it does upon a manufacturing district as peculiarly situated as Massachusetts.

"It here appears in every possible shape; it is encountered at every step. 'It may be safely asserted that there is no branch of Massachusetts industry which is not carried on against competitors more advantageously located. This state has few natural advantages; everything with her depends on the intelligence of her people and the COST OF TRANSPORTATION. Every reduction of the transportation tax acts then as a direct encouragement to the industry of Massachusetts, just as much so as if it were a bounty or a bonus; it is just so much weight taken off in the race of competition. Such is the nature of THE TRANSPORTATION TAX; it next remains to inquire as to its amount,' and the Commissioners estimated that in the year 1871, the

amount of this tax was $13.81 per head of all the citizens of Massachusetts, men, women, and children, nearly seventy dollars per family, or about as much as all the other taxes levied in the state together. Taking a particular case, that of the Washburn Company of Worcester, the Commission said that a reduction in the transportation tax on coal alone, brought by the Providence & Worcester and the Boston & Albany roads for the use of this company, from $1.65 to 85 cents, would amount to a reduction in their annual power tax from $29,700 to $15,300 a year, or three per cent. on its capital. This may make all the difference between success and failure."

And yet these taxes still continue to be levied by private individuals who keep up their toll-gates at every cross-road and (save to their favorites) allow communication between one town and another only on condition that the value of each man's purse is accurately measured and the greater part of the contents are turned over to the gate-keeper. This statement, though not quite true as to each particular piece of merchandise or to the individual traveller, is altogether true as to the principle on which the general business is transacted. The tolls levied on travel are actually higher in many cases than they were in 1850, and we have seen the statement of Mr. George M. Mead of Boston to the effect that in some cases the tolls on freight are fifty per cent. higher than they were in 1871.

Is it any wonder that, under these conditions,

the whole world of business and of labor is in chaos? Is it any wonder that under these conditions the sky is dark, the atmosphere thick with omens of coming storm? And yet the remedy for these evils is so simple that even a little child might understand it.

Let the National Government assume its legitimate function as the manager of the National highways, the collector of the taxes levied for the support of these highways, and let these taxes be determined on the cost of the service principle, and the nation will quickly emerge from its present darkness into a marvellous light.

Whether the substitution of the Government of the United States for the Government of the United Railways is to be quiet and peaceful or whether it is to be attended with lightning and tempest will depend on the wisdom and the courage of the men who compose the National Council at Washington. Upon them lies the responsibility of the hour.

If Congress passes the bill which we have suggested, or if similar legislation be enacted before the masses of the people are rendered desperate by unnecessary suffering, there will be no tumult. If the needed legislation be delayed too long, we will not answer for the consequences.

Whatever happens, we have done our best to point the way to a prolonged era of happiness and prosperity for our country, and not for our country only, but for the world.

"Men, my brothers, Men, the workers, ever reaping something new;
That they have done but the earnest of the things that they shall do;

"For I dipt into the future, far as human eye could see,
Saw the vision of the world, and all the wonders that would be;

"Saw the heavens filled with commerce, argosies of magic sails,
Pilots of the purple twilight, dropping down with costly bales;

"Heard the heavens filled with shouting, and there rained a ghastly dew,
From the nation's airy navies grappling in the central blue;

"Far along the world-wide whisper of the south-wind rushing warm,
"With the standards of the peoples plunging through the thunder storm;

"Till the war drum throbbed no longer, and the battle flags were furl'd
In the Parliament of Man, the Federation of the World."

(ALFRED TENNYSON.)

CLOSING NOTE.

The New York *Tribune*, of Sunday, December 12, 1897, gave a glowing account of the success of the municipal tramway lines of Great Britain for the preceding year. The Glasgow lines were managed so efficiently and economically that the net profit on the business of the past year was $416,335 after all interest charges on the investment in tracks and plant had been met. And this followed a reduction in fares, a shortening in the hours of the

operatives and an increase in their wages. The facilities of transit were increased and cheapened; public comfort and convenience promoted, and the grievances of operatives removed. And what occurred in Glasgow occurred in the other towns of England where the tramways were owned by the people. In Leeds the annual profit was $59,-170. Municipal management was undertaken in that city mainly for the sake of redressing the grievances of conductors, engineers, and drivers, who were underpaid by the tramway companies and compelled to work fourteen hours a day. Huddersfield has kept down profits by unprofitable extensions of the service and by a reduction of fares, but it had a balance of $31,495 to its credit. Sheffield's profits out of her tramways for 1897 were $36,650. Blackpool, serving its 25,000 people with an electric railway, made a profit of $14,920. Plymouth also did a good year's business on her tramways.

I wish here to express my acknowledgments to my friend, Mr. Jay D. Miller of Chicago for his inestimable service in assisting me to formulate my bill, and also to the host of others—the managers of the New Haven Road among them—to whom I am indebted for the information which I have gathered together in this volume. If ever I have struck a blow at an individual, it has been not out of malice but because in him has seemed, at times, to be incarnated the evils of the system which he represented.

THE LAST STRAW UPON THE CAMEL'S BACK.

The latest fiat of our Imperial Railway Court pools one American railroad with another and in the process increases the *National Debt* by the substitution of $100,000,000 of 3½ per cent., hundred year, paper made, gold promising, bonds for $50,000,000 of railroad stock. In other words, under this railroad decree, we, our children and our children's children to the third and four generation are to be saddled with the annual payment of $1,750,000 in gold, on $50,000,000 in bonds that represent to their issuers only the cost of so many pieces of printed paper and at the end of one hundred years, our descendants are to be compelled, at the point of the bayonet if necessary, to give up so much of their flesh and blood as may be requisite to transform these paper issues into solid gold.

The capital stock of the controlling railroad in this instance is $100,000,000. The balance of the railroad stocks of the United States is something over $5,000,000,000. With a few more strokes of the Imperial Railway pen, these $5,000,000,000 of railway stock will be transformed into $10,000,000,000 of bonds; the entire National Railway System will be pooled under one management and the National Debt of the United States will be brought up to a figure vastly higher than it was at the close of the Civil War.

The total tax levied by our private railway managers on the people of the United States for the payment of the dividends on the outstanding rail-

road stocks of the United States, in 1896, was $87,-603,371. Under the impending imperial regime this tax will be increased to $350,000,000 annually; this is in solid gold and it will be collected as rigidly and as mercilessly as were ever the taxes levied by the Emperor of Rome upon his subject provinces.

It is towards this goal that things seem to be rapidly tending.

APPENDIX.

ONE MORE STRAW.

54TH CONGRESS 2D SESSION	SENATE	DOCUMENT 177

WEIGHING THE MAIL UPON THE SEABOARD AIR LINE IN 1896.

THIS document—which I have just received—is such a commentary on "Railroading under Present Conditions," and so complements my work that I feel compelled to give a summary of it here, with the omission only of proper names.

Every four years, the mail transported over one fourth of the railway system of the United States is weighed during a period of thirty days, and upon the average weight thus determined depends the compensation of the various railways for the following four years. During the quadrennial weighing in March, 1896, upon the Seaboard Air Line, whose Main Line extends from Portsmouth, Va., to Atlanta, Ga., there occurred the following curious incidents: About three hundred sacks of documents franked by Senator —— and Representative —— were sent to the various station

agents of this company in Virginia, North Carolina, South Carolina, and Georgia; the sacks weighed one hundred to one hundred and twenty-five pounds each; two, three, four, or five sacks were sent to an agent; in RAILROAD MAIL the agents received envelopes containing slips of paper, or labels, franked by Senator —— and addressed to various persons at various offices in Georgia and South Carolina, a large portion of the addresses being RAILROAD EMPLOYEES or postmasters.

Some agents were furnished by railroad officials with lists of addresses in North Carolina and Virginia. The division superintendents and road-masters gave oral instructions to the agents under them as to pasting on labels or writing addresses on the books which were not previously addressed, but tags of sacks were addressed, "All for ——" (who is railroad agent at that point). The books were then remailed and again transported over the routes of this company, to be again weighed. Fifteen sacks were delivered at ——, Va., addressed in bulk to General Superintendent ——. That night the books were addressed in the railroad building by his secretary (Williams) and a division superintendent (Wishnant) and remailed the following morning to various addresses along their route. A newspaper (——, N. C., ——), learning of the transaction, published a short article headed "A Mistake," stating in substance, that a United States Senator, in mailing documents to his constituents, had, by mistake, addressed them to station

agents along the Seaboard Air Line Railroad, to be remailed to his constituents, etc. A division superintendent (——), learning of the article, proceeded to the town (——) and induced the editor to cut the item out of every copy of his paper, on the ground that it would hurt the road.

To protect the Government from this attempted padding, the Department ordered the weighing to be continued for thirty days during April. The railroad company then resorted to a new scheme by contracting with publishers of newspapers for a large number of papers to be sent over their line daily to addresses furnished by the company. At ——, Va., General Superintendent —— arranged with *The* —— to send 6800 copies daily for ten days and after that 2400 daily, in bundles of twenty-five to each address, to parties in South Carolina and Georgia, on the —— Line. At ——, N. C., ——, private secretary of ——, arranged to have 6000 copies first week, 8000 copies a week afterwards, of a weekly paper (——) to be sent weekly in bundles of forty-five to each address, to be sent over the —— Line to stations in South Carolina, Georgia, and a few in North Carolina. At ——, Ga., ——, private secretary of Division Superintendent ——, arranged with the —— *Journal* for 2000 copies daily, to be sent over the —— Line to Norfolk and Portsmouth, Va., 1000 addressed as regular subscribers, the other 1000 as sample copies. Arrangements were also made with the —— to send 5600 of each Sun-

day issue of *The Constitution* to addresses in Norfolk and Portsmouth, Va., this amount to be divided up and 800 copies sent each day, 400 by morning train and 400 by night train. A copy of each Sunday's paper is thirty-four pages, and weighs a little over half a pound a copy. Norfolk and Portsmouth city directories were furnished the —— and —— to print labels for mailing papers to parties in those cities. Several of these parties had moved from those cities, had died, or the addresses were not known. Had this weighing been accepted by the Department, the —— Line Railroad would have received for the next four years a much larger compensation than they were entitled to.

Mr. ——, editor of the ——, told me he was entirely in ignorance of the railroad company's object in sending out the papers or he would not have permitted them to have purchased the papers from his assistant; he stopped the fourth shipment of his paper, and was very much annoyed; would prefer for the matter not to be made public.

Signed, H. T. GREGORY, Post-Office Inspector, page 27 of Senate Document 177.

The total weight of the papers purchased by the agents of the —— Line and sent over its line during this second attempt to make an honest adjustment of its mail compensation was 20,100 pounds, and in addition to this there were also sent 443 pounds of franked documents, making the total "padding" 20,553 pounds. (Page 33, Document 177.)

Page 93 of this interesting paper contains a letter to the Postmaster-General, from "One who knows," dated N. Y. City, June 19, 1896. This letter goes over practically the same ground as the statement made by Mr. Gregory, but adds that the business was conducted "by the general superintendent on an order from the vice-president and general manager. The division road-masters did nothing else for several weeks but look after this line of business." Postmaster-General Wilson, however, had already at hand all the evidence he needed of the double attempt to defraud the Post-Office and as early as May 25, 1896, had directed the Attorney-General to institute such proceedings as would lead to the indictment of the guilty parties and, if possible, to their conviction.

June 23, 1896, the Postmaster-General wrote to the Rev. ——, editor of ——, Raleigh, N. C., as follows:

"DEAR SIR:

"The statement published by the United Press as to the effort of certain officials of the Seaboard Air Line to pad the mails during the weighings on that railroad and its connections is amply sustained by an investigation made by this Department, and I have placed the papers in the hands of the Attorney-General with the request that he shall proceed criminally against all those engaged in this effort.

"The statement purporting to come from the general superintendent of that road, recently put

out in the papers, does not meet the charges, and you need have no fear of a libel suit for giving currency to any of the facts contained in the statement given out by the Department or any proper comments upon it. I have been myself surprised at the failure of the newspapers to hold up the action of the railroad people to the merited condemnation of the public.

"I write you this, not for publication, because I do not think, as head of the Department, I ought to go into the press, but for your own satisfaction, and in reply to yours of the 15th instant.

"Very respectfully,

"WM. L. WILSON,

"Postmaster-General."

—Page 110, Senate Document 177.

The final outcome of the matter, however, was the virtual success of the railroad and the defeat of the Government.

Dec. 22, 1896, Attorney-General Harmon wrote to the Postmaster-General that he had several months before put the case into the hands of the United States Attorney for the Eastern District of Virginia, but he had neither prosecuted the case nor reported upon it. He had finally resigned, and the matter was then in the hands of his successor. Careful investigation showed that there could be little doubt that a gross fraud had been perpetrated upon the Government, *but the laws were insufficient to reach the criminal.*

Jan. 16, 1897, the railroad company received the comforting assurance from the Second Assistant Postmaster-General that though they had sinned to the extent of sending on an average 909 pounds of illegitimate matter through the mails, between Weldon and Atlanta, during the weighing period, their *increased compensation* for the next four years would nevertheless be *42 per cent.*

Verily, "The ownership of the highways ends in the ownership of everything and everybody that must use the highways."

The issue of the hour is,

The Government of The United Railways

vs.

The Government of The United States.

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